Austria ... Sch 15	[illegible] ... Rp 7500	Portugal ... Esc 65
Bahrain ... Dhs 0.650	Italy ... L1300	S. Arabia ... [illegible]
Belgium ... BFr 35	Japan ... Y550	Singapore ... [illegible]
Canada ... C$2.50	Jordan ... Fils 500	Spain ... Pta 95
Cyprus ... Mils 600	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark ... Dkr 7.00	Lebanon ... £L 6.00	Sweden ... Skr 6.50
Egypt ... E£1.00	Luxembourg ... LFr 35	Switzerland ... SwFr 2
Finland ... Fmk 5.50	Malaysia ... Rm 4.25	Taiwan ... NT $95
France ... FFr 6.50	Mexico ... Pes. 300	Tunisia ... Din 0.800
Germany ... DM 2.00	Morocco ... Dh 6.00	Turkey ... L 160
Greece ... Dr 60	Netherlands ... Fl 2.25	U.A.E. ... Dh 6.50
Hong Kong ... HK$ 12	Norway ... Nkr 6.00	U.S.A. ... $1.50
India ... Rup 15	Philippines ... Pes. 20	

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FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,157 Friday October 28 1983 D 8523 B

End of Britain's special relationship with U.S., Page 15

NEWS SUMMARY

GENERAL

Ministers study Soviet offer

Nato defence ministers meeting in Canada agreed to reduce the alliance's nuclear stockpile of old warheads by 1,400 and were yesterday studying the latest Soviet offer to limit the number of missiles in Europe.

President Andropov's offer is being viewed as a last-ditch effort to prevent deployment of U.S. cruise and Pershing 2 missiles next month. New elements are an offer to cut the number of SS-20s in Europe from 243 to 140 and to freeze on the Far East number at 108.

President Andropov repeated that the Soviet Union would liquidate any missiles removed from Europe. Page 6

Nicaraguan attack

Nicaragua's Caribbean port of El Bluff was attacked by right-wing forces in motor launches on Tuesday night. No serious damage was caused.

Chile protest curbs

Chile's President Gen Pinochet introduced a law making organisers of protests responsible for any violence which takes place on them, for which they can be jailed or deported. Protests are due to take place today.

EEC arms move

The European Parliament passed a resolution urging EEC countries to develop a common policy for buying and selling arms. Page 5

Typhoon hits ship

A U.S. oil drilling ship with 79 people aboard disappeared in a typhoon in the South China Sea off the Vietnam coast. Page 3.

Argentine violence

Violence between Argentina's Peronists and Radicals has begun to mar the closing stages of the election campaign. The poll is on Sunday. Page 6

Brazil wages rise

Brazil's Government conceded new wage levels for middle class earners which will increase the nation's salary bill by 87 per cent. Annual inflation is 175 per cent. Page 6

Sudan coup plot

Egypt's Al-Ahali newspaper said 12 Sudan military officers were arrested three weeks ago after discovery of a coup plot against President Nimeiri.

Zapu chief ruling

Zimbabwe's high court ordered the release of opposition Zapu party MP Vote Moyo, seized on June 15 last year and detained without trial since.

Spanish crackdown

Spain's Government plans to restructure the chain of command in the armed forces to bring them more firmly under its control following last month's sacking of a general who criticised the Government.

Turkey jails Kurds

A military court in Diyarbakir, eastern Turkey, jailed 94 Kurdish militants, including a former mayor of the city, for up to 24 years for fighting to establish an independent state. Turkish poll, Page 3

Briefly . . .

Seismic signals from Siberia were believed by U.S. scientists to be an underground nuclear test.

Portugal imposed an $8 departure tax on travellers.

BUSINESS

Ford in turnround to $331m profit

● FORD, the U.S. car maker, aided by higher sales, reported a third-quarter profit larger than the $325.4m it lost in the third quarter last year. Ford earned $331.1m or $1.83 per share in the latest quarter, compared to a $325m or $2.70 per share loss in the same period last year. The company said sales in the latest period increased by almost 28 per cent to $10.29bn.

● JAPAN'S three major integrated electrical appliances makers reported improved earnings in the first half of September 30. Hitachi's profits surged 19 per cent to Y89.51bn ($385m), Toshiba was up 2 per cent to a record Y46.82bn ($201m) and Mitsubishi projects full year profits to rise 5.2 per cent. Page 18

● DOLLAR fell to DM 2.618 (DM 2.6195), SwFr 2.123 (SwFr 2.1255), Y232.55 (Y232.8) but rose to FFr 7.985 (FFr 7.98). Its Bank of England trade-weighted index was unchanged at 126.4. In New York it closed at DM 2.6180; SwFr 2.1207; FFr 7.9725 and Y232.65. Page 37

● STERLING fell 25 points to $1.494. It fell to DM 3.9125 (DM 3.9225), FFr 11.925 (FFr 11.9425), SwFr 3.1725 (SwFr 3.185) and Y347.5 (Y348.5). Its trade weighting was 83.5 (83.6). In New York it closed at $1.4950. Page 37

● GOLD fell $4.5 in London to $383.625. In Frankfurt it fell $5.25 to $384.75 and in Zurich $9 to $384.5. In New York the Comex November settlement price was $386.2. Page 36

● SILVER prices tumbled again to their lowest levels since November. The London bullion spot price was cut by 57.4p to 575.80p ($8.60) an ounce. Page 36

● WALL STREET: Dow Jones index closed down 1.73 at 1,242.07. Report, Page 27; full share listings, Pages 28–30

● LONDON: FT Industrial Ordinary index rose 4 to 694. Government Securities were hit by profit taking; longs fell by up to ⅝. Report, Page 27; FT Share Information Service, Pages 31–34

● TOKYO: Nikkei Dow index jumped 76.54 up to 9,323.09. Stock Exchange index put on 5.53 to 683.68. Report, Page 27; leading prices, other exchanges, Page 30

● HONG KONG's leading banks cut prime lending rate by 1 point to 15 per cent. Page 3

● AUSTRALIA'S annual inflation rate fell to 9.2 per cent in September, 2 points lower than in June. Page 4

● U.S. Securities and Exchange Commission proposed extending its rules covering the brokerage business to those U.S. banks which plan to offer brokerage services "in house." Page 16

● BRAZIL is setting up its own computer industry in collaboration with French group Bull. Page 16

● AUSTRALIAN Guarantee, the country's largest finance company, increased net earnings a modest 1.2 per cent in the year to September 30. Page 18

● GROUPE BRUXELLES Lambert launched the biggest ever rights issue on the Belgian bourse of BFr 6.7bn ($126m). Page 17

● CALIFORNIA video game maker Activision tumbled to a $7.9m operating loss in the third quarter against profits of $8.6m in last year's third quarter. Page 17

● DAIMLER-BENZ lifted sales revenue 2 per cent to DM 29.2bn ($11.2bn) in the first nine months. Page 16

● KAISER STEEL and the acquisition group led by Joseph Frates have reached agreement with a rival group led by Irwin Jacobs. Page 17

Interim rule planned for Grenada as fighting ebbs

BY WILLIAM CHISLETT IN BRIDGETOWN, BARBADOS, AND REGINALD DALE IN WASHINGTON

SIR PAUL SCOON, the Governor-General of Grenada, was last night ready to head an interim government after he returned to the Caribbean island. The U.S.-led invasion force reportedly overcame yesterday the last of the resistance from the island's armed forces.

Sir Paul had been earlier taken off Grenada by the U.S. naval task force after the invasion on Tuesday.

In Washington, a White House spokesman said the U.S. had feared that Cuba had been within a few days of significantly increasing its military presence on Grenada when the U.S. forces invaded.

Officials said that U.S. intelligence had detected the arrival of top-level Cuban military advisers on the island on Monday and feared that an influx of combat battalions would quickly follow.

In Paris yesterday Sir Geoffrey Howe, the British Foreign Secretary met Mr George Shultz, the U.S. Secretary of State for private talks on the invasion. Sir Geoffrey claimed afterwards he had received an undertaking from Mr Shultz that the process of consultation between London and Washington would improve.

Mrs Margaret Thatcher, Britain's Prime Minister, tried yesterday to put up a more robust defence of her Government's handling of the Grenada affair, but she failed to put an end to arguments in the House of Commons. Page 16. Mr Shridath Ramphal, Commonwealth Secretary General, said meanwhile that his organisation was planning to replace U.S. troops on Grenada as soon as possible. Details; UN debate; UK constitutional puzzle; Students return to U.S., Page 6

He said he had reached a clear understanding on the need to maintain "effective and better procedures of consultations." As allies, the U.S. and Britain were "united in common purpose but we disagreed on this occasion as allies sometimes do," he added.

M Claude Cheysson, the French Foreign Minister, declined to discuss the affair with Mr Schultz, despite France's particularly strong condemnation of the invasion on Wednesday.

On the island itself, the impending conclusion of the fighting was signalled when a large contingent of Grenadian soldiers surrendered to the invaders at Fort Frederick, the army headquarters near St George's, the capital.

The old colonial fortress was the last important pocket of resistance. Sporadic fighting continued, however, near the new Cuban-built international airport at Pointe Salines.

U.S. officials in Washington said there were still pockets of resistance, including a military area on the east coast and the Richmond Hill prison, where several dozen hostages were being held. The White House expressed confidence, however, that military operations would be over by last night.

The Pentagon yesterday revised the number of American servicemen killed in the fighting to eight, with eight missing and 39 wounded. Mr Caspar Weinberger, the Defence Secretary, said three helicopters had been shot down, one of which had limped back to the helicopter carrier USS Guam, waiting offshore.

Explaining the background to the invasion, Mr Larry Speakes, the White House spokesman, said "the Cubans were not the reason," but he added that the U.S. troops had found evidence suggesting a planned Cuban military build-up on the pattern followed by Cuba in other parts of the world, such as Angola and Ethiopia. They had found more than 1,000 Cubans on the island, almost double the number claimed by Mr Fidel Castro, the Cuban leader.

Other U.S. officials said that as many as 400 Cubans may still be at large on Grenada.

On Capitol Hill, the Democrat-controlled House of Representatives accelerated moves to bring the invasion force under the scope of the 1973 War Powers Act, giving Congress a say in the deployment of U.S. forces abroad.

Continued on Page 16

Ministers reaffirm Lebanon role

BY PAUL BETTS IN PARIS

FOREIGN MINISTERS of the U.S. Britain, France and Italy gave a public display of unity yesterday by reaffirming their commitment to maintain the multinational peacekeeping force in Beirut.

Although they did not raise the issue of the U.S. invasion of Grenada at the meeting, called to discuss the future of the multinational force in the wake of the bomb attacks against the U.S. and French headquarters in Beirut, the issue was raised in private conversations between Mr George Shultz, the U.S. Secretary of State, and other ministers.

Sir Geoffrey Howe, the British Foreign Secretary, claimed he had received an undertaking from Mr Shultz for a better process of consultation between London and Washington after his private talks yesterday with the U.S. Secretary of State.

Sir Geoffrey, who was briefed by Mr Shultz on the situation on the ground in Grenada, said it was now important that the U.S. action should be brought to a swift and successful outcome, that the U.S. forces withdraw as soon as possible and that conditions are established for democratic elections on the island.

Fighting between the Lebanese army and Amal, the local Shia militia, erupted in south Beirut as opposition leaders gathered in Damascus to co-ordinate strategy at next Monday's crucial national reconciliation conference in Geneva. Page 4

On the Lebanon, Sir Geoffrey said there was broad agreement for maintaining the role and scope of the multinational peace-keeping force.

This consensus was also reflected in a statement by M Claude Cheysson, the French Foreign Minister. He said the meeting had enabled the four countries "to reiterate the support of our governments for the multinational force". Mr Cheysson also called on all factions to seek a reconciliation at the talks opening in Geneva on Monday between the different Lebanese groups.

Diplomats attending the meeting said that there were fewer differences than expected between the four countries at yesterday's meeting. The recent shift in the U.S. attitude to President Amin Gemayel appears to have improved the climate between the four countries. Washington now appears intent on putting pressure on the Lebanese President to adopt a more flexible position in the negotiations with opposing factions. This is regarded as a key factor in an eventual reconciliation.

M Claude Cheysson

The ministers also agreed yesterday on the need to involve in the reconciliation process all parties directly affected by the crises. Moreover, there was consensus that the Lebanese issue could not be treated separately from the wider Arab-Israeli problem.

M Cheysson said the international community will have a growing role to play in Lebanon, especially in the reconstruction of the country.

The main differences between the four countries appear to focus on how to deal with Syria. At the meeting, differences again emerged between the U.S. and France on the question of retaliation by the multinational force when attacked. The French Foreign Minister criticised the U.S. for adopting a more aggressive approach to the problem.

Continued on Page 16

CIT-Alcatel seeks to widen markets through deals in UK

BY GUY DE JONQUIERES IN GENEVA

CIT-ALCATEL, France's leading telecommunications manufacturer, has launched a major effort to negotiate collaborative agreements with one or more British telecommunications companies in an attempt to widen its international markets.

Executives of the French company say that they have recently approached the General Electric Company (GEC), Plessey and Racal with a variety of proposals, including joint marketing of certain products, manufacturing licensing deals, and co-operation on long-term development projects.

The moves follow the recent reorganisation of the French electronics industry, which has given CIT-Alcatel control of the telecommunications business of the country's other major equipment manufacturer, Thomson CSF.

The reorganisation was resisted by the French post office (PTT), which wanted to keep two separate national suppliers. The PTT has said that it wants to maintain competition by opening as much as 30 per cent of the domestic market to foreign suppliers, provided it can persuade other European countries to do the same.

Though France has begun talks with West Germany on such an arrangement, they are expected to be lengthy and their outcome is uncertain. Some industry observers believe that, if no agreement can be reached soon, the French PTT may act to open up its national market anyway, exposing CIT-Alcatel and Thomson to keen foreign competition.

CIT-Alcatel's talks with British manufacturers may, therefore, be partly a defensive strategy. The company considers the UK to be the most promising potential partner in Europe because of the opportunities offered by the recent liberalisation of its telecommunications market.

CIT-Alcatel, which claims to have received orders for more digital telephone exchange lines than any other supplier in the world, is competing for two major switching contracts in the UK. It has indicated that, if it is successful, it will be prepared to share some of the manufacturing with a British company.

One of the contracts is to be awarded soon by the Hull Telephone Company, Britain's only independent local telephone operator, which plans to renew its entire network of public exchanges. The other is due to be placed by Mercury, the privately financed business communications system.

CIT-Alcatel is understood to have discussed with Racal the possibility of joint manufacture of its E-10 digital telephone exchange. Racal, whose main businesses are defence and data communications equipment, makes no telephone exchanges at present, but is interested in entering the business.

The French company is also considering proposing to GEC and Plessey plans to co-operate in developing a new generation of public exchanges which would supersede the E-10 and Britain's System X in the 1990s. It argues that no one company will be able to afford the huge development costs on its own.

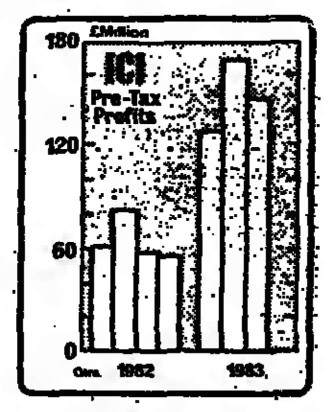
Bull venture in Brazil, Page 16

Du Pont and ICI show sharp gains

BY CARLA RAPOPORT IN LONDON AND PAUL TAYLOR IN NEW YORK

DU PONT and ICI, two of the world's largest chemical companies, yesterday reported sharply improved earnings for the third quarter.

Du Pont, the leading U.S. chemical group, said profits rose by 60 per cent to $312m or $1.30 a share on the strength of higher sales, gains from the sales of assets, and a doubling of operating profits in the chemicals, plastics and special products businesses. The comparable 1982 figures were $195m and 82 cents.



ICI's pre-tax profits of £147m ($220m) were more than 2½ times the 1982 level of £58m. Sales advanced from £1.6bn to £1.8bn.

The British group's worldwide petrochemicals and plastics business, which had been in loss of nearly three years, broke even during the third quarter. ICI said, however, that trading in many of its principal businesses remained difficult.

At Du Pont, Mr Edward Jefferson, chairman, said that the third quarter was the strongest quarterly performance since the final period of 1981. He said 1983 as a whole was expected to show a substantial improvement over last year and that the company expected the gains to continue next year.

The earnings gain, which follows similar sharp profit surges at other major U.S. chemical companies including Dow Chemical and Union Carbide, came on sales which increased by 7 per cent to $8.8bn from $8.2bn.

The latest quarter helped to lift Du Pont's net earnings in the first nine months to $786m or $3.28 a share on sales of $26.3bn compared

Continued on Page 16

Lex, Page 16; pharmaceutical industry, Page 10

UK to cut stake in Cable & Wireless

BY DOMINIC LAWSON IN LONDON

THE UK Government is to continue its programme of disposal of state-owned assets with the sale of around half its stake in Cable and Wireless, the international telecommunications company.

Earlier this week, speculation that the Government was about to dispose of about 100m shares in Cable and Wireless had caused the company's shares to weaken on the London stock market.

The Cable and Wireless share sale might be the final part of the plan by Mr Nigel Lawson, Chancellor of the Exchequer, to raise about £1.25bn ($1.87bn) from the disposal of state-owned assets this financial year. So far, the Government has received a total of about £830m from the second instalment of the Britoil sale, and the offer last month of 130m shares in BP, and will receive £80m in part payment for the Wytch Farm oilfield. That leaves about £340m to find, equivalent to about 130m Cable and Wireless shares at last night's closing price of 260p.

Such a sale would reduce the Government's stake in Cable and Wireless from 45 per cent to about 16 per cent. It lost control of Cable and Wireless in March, when the company issued 30m shares in part payment for a 34.8 per cent stake in Hong Kong Telephone.

An immediate sale of shares would not represent good timing by the Government, as the company's share price has been hit by doubts concerning the future of Hong Kong.

The Government has promised that the company will not be allowed to fall under foreign control.

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EUROPEAN NEWS

Irish public spending warning

By Brendan Keenan in Dublin

A WARNING that grave and controversial decisions on public expenditure would have to be taken was given at the end of a two-day parliamentary debate on the Irish economy. The warning comes as ministers struggle to keep public spending next year below I£7bn (£5.5bn), which includes almost I£2bn (£1.6bn) for debt servicing.

The debate was marked by the most formidable attack on government economic policy mounted by the opposition leader, Mr Charles Haughey, since he lost office a year ago.

He claimed that the Government was making no progress in balancing the public finances, while its deflationary policies were producing "an economic wasteland" with almost 20 per cent unemployed.

Dr Garret FitzGerald, the Prime Minister disputed this, saying that Exchequer borrowing this year would be 3 percentage points lower at 13.5 per cent of gross national product. He admitted that radical measures, including work-sharing, would be needed to tackle unemployment.

Ireland's financial problems have been worsened by the fall of the punt against the U.S. dollar this year. This added I£600m to the foreign indebtedness, which stands at I£6.7bn.

French capital goods sales fall 20%

BY DAVID MARSH IN PARIS

THE BLEAK state of investment demand in the French economy was dramatically underlined yesterday with the announcement of a 20 per cent volume fall in domestic sales by the country's leading capital goods manufacturers in the first half of 1983.

M Pierre Bataille, chairman of the French capital goods producers' association, said 1984 was likely to deal the industry a further blow on account of the sluggish French economy and falling public-sector orders.

He called for urgent government measures to stimulate demand in public works and other basic industries, warning that France faced "the path of under-development" unless action was taken.

Even after the large drop in sales between the first halves of 1983 and 1982, M Bataille—who until May was chairman of France's leading hydraulic excavator-maker, Poclain — said forecasts of customer demand for 1984 were "dramatically bad."

The only relatively bright spot concerned exports, which dropped only 7 per cent in volume in the first half compared with the same period last year.

As a result of an even bigger decline in imports, the capital goods sector's foreign trade balance showed a surplus of FFr 2.3bn (£190m) in the first half, slightly up from 1982.

The association groups companies are involved in the mechanical handling, public works, materials, steel and foundry sectors.

Overall, first-half turnover came to FFr 5.6bn, down 12 per cent in volume terms from last year, and the companies' combined workforce dropped 10 per cent or 21 per cent from 1977 levels.

Split likely to surface at Socialist congress

BY DAVID HOUSEGO IN PARIS

DIVISIONS WITHIN the French Socialist Party over the Government's economic policy are expected to come to the fore at the party's three-day congress that opens this morning in Bourg-en-Bresse. It will be the first since the party's victory gathering in 1981 and effectively the last chance for it to debate policy openly before closing ranks before the 1986 legislative elections.

Socialist preoccupation with worsening of East-West relations, and with events in Lebanon and Grenada is likely to figure prominently though President Francois Mitterrand's handling of these issues has won him broad support within the party.

Opinion polls show that dissatisfaction with the Government is running high, and its loss of popularity was emphasised last week by the defeat of left-wing unions in the social security elections. Its strong card in defending its economic policy before the party militants is the unexpectedly sharp reduction in the trade deficit. But critics are expected to pounce on the worse-than-expected inflation figures in September and signs that unemployment is rising again.

Reflecting the views of the party leadership, M Louis Mermaz, president of the National Assembly, yesterday expressed the hope that the conference would end on a note of unity by endorsing an agreed resolution supportive of the government.

The main challenge comes from the radical Ceres faction headed by M Jean Pierre Chevenement, the former Industry Minister, which has tabled a separate motion. This criticises the economic policies of M Jacques Delors, the Finance Minister, as being too deflationary and non-Socialist. It argues for an investment-led reflation, backed if need be by a further devaluation, withdrawal from the EMS and more protectionist measures.

Ceres has increased its strength securing 18 per cent of the mandates of local federations in advance of the Congress as opposed to 15 per cent in 1979—the last time there was a split in the party. Privately Ceres leaders rule out any compromise over a joint motion unless they receive assurances from M Mitterrand of a shift towards more reflationary policies when he makes his expected change in government next year.

Much of the party favours providing a stimulus to the economy before the 1986 elections which will be critical in determining whether the Socialists have a chance of regaining the presidency in 1988.

Party leaders are expected to use the congress to warn the Communists against stepping too far out of line in their criticism of either the Government's domestic or foreign policy.

On international issues the major divide is again on the left of the party where the radicals feel the Government is too Atlanticist and close to the U.S. in its policies. Ceres believes in opening a dialogue with Moscow rather than the freeze that President Mitterrand initiated in response to the invasion of Afghanistan.

Netherlands coalition defies union protests

By Walter Ellis in Amsterdam

THE DUTCH Government will not be deterred by industrial action from cutting public sector pay and most welfare benefits, Mr Herman Ruding, the Finance Minister, said yesterday.

Rail, post and telecommunications workers are operating works to rule in protest at the planned cuts. But drivers are staging 24-hour strikes and may take part in a national bus stoppage on November 4.

Customs officials, cargo inspectors, radar operators and other public sector workers are threatening to bring the port of Rotterdam to a standstill. Even the police have hinted at a possible go-slow. The main body of civil servants is also considering a protest.

Mr Ruding recently confirmed the intention to prune the size of the 1984 budget deficit by reducing public sector pay and welfare benefits. The FNV, the larger of the main union federations, has virtually declared war on this approach. Even the smaller CNV has said it cannot accept such a large drop in members' standards of living.

The four teachers' unions announced yesterday they were ready to take industrial action because of proposed education budget cuts, which not only affect pay but in their opinion, diminish the quality of education.

Public borrowing this year is expected to reach 11.5 per cent of national income, or 10.3 per cent of gross national product. The cabinet's aim is to reduce the former figure to 7.4 per cent by 1986, and budget cuts for 1984 are so far set at Fl 11.8bn.

Most union leaders are believed ready to accept cuts in pay and benefits of about 1.5 per cent, but this is far below what ministers believe to be compatible with government policy.

So far, there has been little talk by the unions of an all-out strike. For one thing, the private sector would be unwilling to join. But a prolonged work-to-rule in the 700,000-strong public sector could prove a stern test of the Government's nerve.

Athens offshore role questioned by social security ruling

BY ANDRIANA IERODIACONOU IN ATHENS

A U.S. architectural, design and planning company, MMM Design Group, is pulling its international headquarters out of Athens, after being ordered by a Greek court to pay Dr 10m (£71,000) in retroactive social security contributions. The money is being claimed by IKA, the main state social security fund, for the company's non-EEC employees.

The case has triggered a new crisis in relations between the Greek Socialist Government and the nervous offshore business community. Many executives believe it could spell the beginning of the end of Athens as an important offshore centre for the Middle East.

Offshore companies have been exempt under a special directive from IKA contributions for their non-EEC personnel, and have fought hard to retain that privilege under the Socialists, who were thinking of revoking it. The exemption was introduced by the military junta in 1967.

The companies are particularly worried because they believe the case contradicts private government assurances that they will continue to be welcome in Greece.

Ministry of National Economy officials insisted yesterday that the MMM case is one of a kind and does not signal the start of a witch hunt against offshore companies.

The Socialists are as keen as previous administrations to develop Athens as an alternative to Beirut for companies operating in the Middle East. The approximately 400 offshore concerns based in Greece bring in about $250m a year in foreign exchange.

EEC output of crude steel up in September

BY PAUL CHEESERIGHT IN BRUSSELS

EEC crude steel production increased in September, the first monthly rise since May, but over the first three-quarters of the year output was down 8.3 per cent on the same period of 1982.

The latest figures, published by the Statistical Office of the European Communities yesterday, underline the plight of the industry in the face of reduced markets. They explain the increasing tensions in the administration of the EEC's regime of crisis controls over the industry.

An index of production levels puts output in August at 75.1 (1975=100), compared with 95.5 at the end of last year, 107.4 at the end of 1981 and 108.3 at the end of 1980.

Construction industry executives yesterday said that demand was still falling and that they saw little chance of an upturn in the near future. Construction, often used as an economic barometer, is a major user of steel products.

The EEC statistics show that there was some increase in orders for the industry during July and this raised the level of orders above the running total for 1982.

During September, output topped 9.5m tonnes, bringing EEC crude steel production to 79.7m tonnes for the first three-quarters of the year, compared with 87m tonnes for the same period of 1982.

The trade statistics are not so up-to-date, but show that during the first quarter of this year, imports from outside the EEC were 13.1 per cent lower than in the comparable period of 1982, while exports were down 5.9 per cent.

Support for anti-missiles groups wanes

By Our Amsterdam Correspondent

THE DUTCH peace movement is holding a day of protest tomorrow against the siting in Europe of new U.S. nuclear missiles.

Some 400,000 took to the streets on the same issue 18 months ago in Amsterdam and initial forecasts by the peace movement of the likely turnout tomorrow in The Hague varied between 500,000 and 1m. This week, however, the talk has been of equalling the Amsterdam rally, and anything significantly below must be accounted a failure.

The signs are that many more Dutch people are willing to accept the weapons than was the case even 12 months ago. Recent opinion polls have indicated a hard core of rejectionists numbering perhaps 38 per cent of the adult population. Last year, 76 per cent said they could not accept the missiles.

The long campaign, concern about the intentions of the Soviet Union and a feeling of bowing to the inevitable have modified many opinions.

A majority of the Dutch probably still disapproves of cruise deployment and resents the position in which the country has been placed, but more and more appear to believe that there is no alternative.

Belgrade quiets criticism

BY OUR FOREIGN STAFF

THE YUGOSLAV League of Communists central committee meeting this week did not proceed with an expected party purge but decided to prohibit any further debate on the long-term economic stabilisation programme approved by Parliament in July.

The aim is to stop debilitating internal conflicts between the many vested interests and the various republics over such key elements as foreign exchange allocations, monetary policy, taxation and pricing policies.

The party and government came under strong criticism for not ironing out existing difficulties or getting rid of those not able or willing to carry out agreed policies.

Trapped Soviet ships freed

By Anthony Robinson

THE SOVIET merchant marine appears to have successfully freed most of the nearly 90 ships which earlier this month risked having to pass the arctic winter trapped in thick ice.

Most have made their way to Murmansk where they will be inspected and repaired. Many of them will then sail to Vladivostok.

The loss of one ship, the crippling of another and various degrees of damage to many more is expected to lead to a re-examination of long-term plans to make the northern Arctic Sea route an all-year all-weather service.

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EUROPEAN NEWS

Tight military control has ensured a quiet campaign, writes our Ankara Correspondent

Turkey drags its feet to the polls

THERE is not an election poster in sight. Indeed, politicians who hand them out are questioned by the police. The television campaign consists of a sedate panel discussion between the three party chairmen.

Not only casual visitors, but even Turks themselves find it hard to believe that the country's first general election campaign since 1977 is under way.

As with the referendum last year in which the military won a 91 per cent "yes" vote for their new constitution, the general election has turned into a sort of plebiscite on President Kenan Evren's administration and the political system he has created.

The military are stung by accusations in Western Europe that the election will not be a free and fair test of opinion, yet even in Turkey many ordinary people privately question how meaningful it will be.

Still, voting is compulsory and the vast majority of the population is expected to turn our on November 6. If the ousted political leaders of the pre-coup parties, Mr Suleyman Demirel and Mr Bulient Ecevit, have their way, the rank and file of the dissolved Justice and Republican Peoples parties, will spoil their ballot papers.

Instructions have even gone out on how to do so. RPP followers will simply leave the vote blonk. Justice Party voters will doubt stamp the paper.

This may happen in some of the middle class areas of the big cities. But, by and large, Turks will probably vote for one of the three parties allowed to contest the election.

In rural areas this may be because voters have generally always voted as they are told to do and the 1983 election—the first to be held under martial law in three decades—will be no exception.

In more developed areas, fear of being identified as a dissident and sheer lack of guidance, combined with the sense that a spoiled vote is a wasted vote, will probably cause the average voter to plump for one or other of the parties.

There is no doubt though that the average Turk—unlike in last year's referendum—does not relish this election. Crowds attending the meetings of the three leaders have been thin and sometimes visibly organised. There is none of the surging enthusiasm which greeted Mr Ecevit and Mr Demirel in their marathons across the country in 1973 and 1977.

> The average Turk does not relish this election. Crowds at meetings of the three party leaders have been thin and sometimes visibly organised. There is none of the surging enthusiasm of previous campaigns.

In fact, the Motherland Party of Mr Turgut Ozal has abandoned the attempt to stage rallies in the accustomed fashion. The emphasis has shifted to whistle-stop meetings and addresses to small crowds.

"It was not to be expected that the new political parties would have the pulling power of the old ones," says an Ozal aide. "We are not perturbed by the low turn-out."

The Motherland Party, and its chief rival the nationalist Democracy Party have both retained advertising agencies to help them with their publicity. The Motherland Party has circulated small brochures of questions and answers throughout the country. It has also released 20,000 video cassettes to be played in coffee houses. The move is being challenged as a possible violation of the election laws introduced earlier this year.

For much of the campaign, Mr Ozal has enjoyed the tremendous advantage of seeming to be the one candidate with a spark of independence from the military. None the less, his speeches begin, like those of his rivals, with praise for the military revolution of 1980.

All three party leaders, Mr Ozal, Mr Turgut Sunalp of the NDP and Mr Necdet Calp of the Populist Party, follow the military in stressing that their first goal is to combat terrorism. Mr Ozal and Mr Calp, however, offer a mixture of social and economic policies which they claim will strike at the social roots of political violence.

Mr Sunalp rests his case firmly on law and order and even more police measures than Turkey has seen so far. It is not an obviously popular prescription for an electorate which feels inclined to thank the soldiers for restoring calm to the streets but is desperately eager to see daily life "civilianised."

For most Turks, martial law has come to mean the tyrany of the petty official in a whole range of activities, from traffic control (the army has given traffic police powers to fine motorists) through working on Sundays (banned by town councils headed by military appointed mayors) to the universities, where over-centralisation seems to be producing chaos.

Mr Sunalp's asset is very simple. He enjoys the tacit support of President Evren and his party is referred to as a "state party". This explains why, when asked who will win, many Turks say the NDP, even though voters who actually support it are thin on the ground.

One opinion poll this week suggested that it might command only 10 per cent of the ballot. Another showed that 70 per cent of Turks are still undecided.

Mr Sunalp, however, has shown himself to be a very weak candidate for the Prime Minister's office. Described by his admirers as a "general's general," he has little feeling for civilian life and institutions. His skirmishes with the Press at news conferences have not endeared him to them, and he is hampered by the breach between the military and Mr Suleyman Demirel who undoubtedly continues to dominate the Turkish right of centre behind the scenes.

Mr Ozal until very recently appeared to be having it all his own way with the public. He was the only party leader whom the average Turk could name or recognise on television. Though his mixture of Islamic traditionalism (of a very discreet kind, calculated not to offend Turkey's generals) and monetarist economic policies may not have looked like a vote-winner in Turkey of the 1980s, Turks did keep on coming back to the fact that Mr Ozal was known to be tolerant.

A vote for him would keep Mr Sunalp out and amount to a clear signal in favour of civilian rule.

However, one of the surprises of the televising of the campaign is that it has reinstated Mr Necodet Calp the former Under Secretary to Prime Minister Bulent Ulusu, as a credible alternative. Until now, most voters on the centre-left had tended to dismiss Mr Calp as a bogus liberal nominated by the army to serve as leader of a loyal opposition, and derided him as being incompetent and ineffective.

Two strong performances on television, widely praised in the Turkish Press, seem to have demonstrated that Mr Calp may not be such a weak candidate after all. If centrist and left-wing voters do decide to back him as the least unpalatable alternative, Mr Calp could be in business.

There are two right-of-centre parties in this election, but only one with any potential appeal to the 41 per cent of Turks who voted social democrat in 1977.

The military, meanwhile, are ensuring that Press coverage of the election is dutiful rather than passionate. Newspapers have been warned not to inject an undue element of criticism into their coverage. Drawing attention in a sensational fashion to the lacklustre campaign and low turn-out at meetings, for example, is forbidden. But for this, there might be a general public mood of revulsion which would have breathed life into the campaign for spoilt ballot papers.

Bonn and Warsaw restore high-level contacts

BY LESLIE COLITT IN BERLIN

WEST GERMANY has quietly established its first official high-level contact with Poland's leaders since martial law was lifted earlier this year. Herr Hans Dietrich Genscher, the Foreign Minister, held talks this week in Bonn with Mr Kazimierz Barcikowski, a prominent member of the politburo in Warsaw.

They reflect Bonn's view that positive political steps by the Polish Government should be rewarded by the West. Bonn appears ready to advocate relaxing the Nato economic and political embargoes after consultations with its allies.

Mr Barcikowski was invited to Bonn by the opposition Social Democrat Party and had talks with Herr Willy Brand, the party chairman and Herr Hans Jochen Vogel, its parliamentary leader. He also met Herr Alfred Dregger, the Christian Democrat majority leader, and Herr Wolfgang Mischnick, the liberal Free Democrat whip.

Herr Genscher's talks are said to have touch on the Polish church agricultural fund, to be set up with Western help, and debt rescheduling.

Shipyard rescue talks in Lisbon

BY DIANA SMITH IN LISBON

LISNAVE, Portugal's once-thriving shiprepair yard, has begun negotiations with Parempresa, the state-owned organisation that co-ordinates rescue operations for companies in grave financial straits.

The company employs 6,000 people but expects enough repair work to keep only 4,000 in work. It also has an annual payroll of Esc 6bn (£32m), and interest on its accumulated debt of Esc 3bn.

The company, which only two years ago was Portugal's third largest foreign currency earner with exports of Esc 8.95bn (£48m) is working on a deal with Parempresa that, in return for financial assistance at subsidised interest rates, will bring reduced working hours and a possible loss of 2,000 jobs.

The world shipping crisis has reduced Lisnave's orders, and workers who tried to force payment of back salaries through constant strikes have compounded its problems. Earlier this year, workers forcibly prevented three repaired foreign vessels from leaving the yard, harming Lisnave's reputation and frightening off prospective clients. Until recently, the yard lay idle but had to carry its full payload of 6,000 hands.

Agreements with Parempresa, whose status as a "company hospital" was strengthened earlier in the year, are replacing special contracts, signed by lame duck companies with local banks, which rarely worked.

● The Government has introduced a departure tax for people leaving the country of Esc 1,000 (£5.37) for an adult and Esc 500 for people under 18. Only diplomats, Portuguese emigrants and those leaving the country for less than 72 hours will be exempt.

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OVERSEAS NEWS

Confusion in Japan as political drama departs from the script

BY JUREK MARTIN IN TOKYO

JAPAN'S political drama departed radically from script yesterday as confusion reigned over whether or when Mr Yasuhiro Nakasone, the Prime Minister, would have a face-to-face session with Mr Kakuei Tanaka.

Yesterday morning, Mr Nakasone emerged from a second strategy session with party leaders to announce that it had been decided that he should go in person to confer with the former Prime Minister, whose conviction on Octobetr 12 in the Lockheed bribery trial has brought Japanese political life to a standstill.

Mr Nakasone merely said he wanted to talk to Mr Tanaka "as an old friend," even though he recognised that to do so could damage his own political reputation.

He did not, however, say whether he would ask Mr Tanaka to resign his seat in the Diet, though Japanese political commentators immediately assumed he was bound to.

The meeting, secretly arranged on Wednesday night by Mr Tanaka and Mr Susumu Nikaido, secretary-general of the Liberal Democratic Party and an old Tanaka confidante, was initially expected to take place in a matter of hours.

However, yesterday afternoon, Mr Tanaka consulted with members of his parliamentary faction, who reported the astonishing news that he had had second thoughts and was postponing meeting Mr Nakasone, though perhaps by no more than a day or two.

Mr Tanaka felt, it was explained, that both men might lose "prestige" by too hasty a confrontation.

The whole affair suggests that the LDP hierarchy, and perhaps even the normally imperturbable Mr Nakasone himself, is becoming a little rattled by the current political imbroglio: that the Prime Minister, who has tried to stay above the fray and focus on the imminent visits of West German, American and Chinese leaders, should volunteer to broach Mr Tanaka in person seems a high-risk proposition.

The key appears to be the persistence of demands from inside the LDP that something has to be done about Mr Tanaka. This was given full voice at a big fund-raising party in Tokyo on Wednesday night by two factional leaders, Mr Toshio Komoto and Mr Takeo Fukuda, who had 5,000 supporters roaring approval with their demands for reform of the political system.

Manila curb on luxury goods imports

By Abby Tan in Manila

The Philippines government yesterday announced measures to curb the importing of luxury goods in an effort to save foreign exchange which has become scarce since the October 17 rollover in the payment of the country's short-term debts.

An indefinite ban on the import of electronic products and components for local assembly came into force immediately. Fresh fruits and alcoholic drinks were also banned. Limited imports of canned fish and meat are still to be allowed. All foreign entertainment and sports events with cash prizes are banned.

The Manila duty-free shop was ordered to surrender 35 per cent of its receipts. It is allowed to import only up to 65 per cent of its receipts sold to the central bank.

The moves came after a cabinet meeting chaired by Mr Cesar Virata, the Prime Minister.

The government also reminded the Ministry of Energy to enforce strictly oil-conserving measures to reduce petrol imports which reached \$2.1bn last year. They are the country's biggest drain on foreign exchange.

U.S. ship with 79 crew goes missing off China

BY MARK BAKER IN PEKING

A U.S. oil drilling ship with 79 people aboard has disappeared in a typhoon in the South China Sea.

The official Chinese news agency, Xinhua, reported yesterday that the ship, Glomar Java, went missing during a typhoon of hurricane force south of Hainan Island, near the Vietnamese coast.

The U.S. consulate in Canton said that an aircraft had picked up a faint distress signal from the ship.

China has sent 11 naval and commercial ships into the area to search, along with aircraft. Xinhua said that "no sign of the ship has been found."

It is believed that there are about 40 Americans aboard and that the remainder of the crew are Chinese.

The Glomar Java is leased by the Atlantic Richfield Company (Arco) and has been exploring for oil immediately below Hainan Island for about a year.

Hong Kong prime rate cut

BY ROBERT COTTRELL IN HONG KONG

HONG KONG's leading banks cut prime lending rate yesterday by one percentage point to 15 per cent.

The cut is the first since rates were raised three points, to 16 per cent, towards the end of last month in an attempt to shore up the Hong Kong dollar, which had fallen to 9.50 against the U.S. dollar.

The last two weeks have seen the Hong Kong dollar stabilise around the level of \$7.80 to the U.S. dollar, representing an apparent success for the new method of exchange-rate support introduced by the Government on October 17.

The Government's new monetary policy is to fix a price in U.S. dollars — currently \$7.80 — at which banks can issue or redeem Hong Kong dollar notes in transactions with the Government's exchange fund.

Hong Kong stock markets have reacted positively to the interest rate news. Anticipating yesterday's move, the Hang Seng index rose 25 points and a further 17.43 points yesterday to close at 815.28.

MIDDLE EAST IN TURMOIL

Fighting breaks out in Beirut as peace strategy is discussed

BY PATRICK COCKBURN IN BEIRUT

FIGHTING between the Lebanese Army and Amal, the local Shia militia, erupted in south Beirut yesterday as opposition leaders gathered in Damascus to co-ordinate strategy before next mondays crucial national reconciliation conference in Geneva.

The meeting in Damascus brought together Mr Nabih Berri, the leader of Amal, and the leaders of the Syrian-backed National Salvation Front which includes Mr Walid Jumblatt, the Druze leader.

Tho original purposo of tho long-delayed reconciliation conference was to establish a broader-based governmont which includes the Opposition leaders.

If the conforence fails to make progress, diplomats in Beirut believe that the ceasefire, which ended tho recent war, will be decreasingly effective. Tho bomb attack on the U.S. Marines bas already led to a marked increase in tension in the capital.

The Shia areas of sonth Beirut, a near-independent enclavo with a population of over 600,000 where no governmant soldier sets foot, bavo been expecting some form of attack either by U.S. Marines or Lebanese Government forces.

This follows accusations by some U.S. officials that Amal was implieated in the bombing of the Marines.

Militiamen in the densely-packed suburbs of the capital have harassed the U.S. marines near the airport with sniper fire and rocket-powered grenades for months. If the regular army tries to quash them, a move unlikely until after tho Geneva conference, the Amal militiamen will certainly fight.

"There will be many more marines killed if they attack us," said a man from the suburb of Bourj al Barajneh yesterday. "They will not find it as easy as Grenada. This is Lebanon."

At the marine baso, the mood is still subdued as the surviving soldiers queuo to phone their relatives in the U.S. for two minutes each. Amid tho rubble of the marine batallion headquarters destroyed last Sunday, soldiers and construction workers are still looking for bodies.

Syrian and Israeli troops were massing yesterday along their frontline in Lebanon's eastern Bekaa valley, according to the Lebanese national news agency. It said the Israelis were conducting manoeuvres and Syrian troops had been placed on full alert. A large force of Syrian tanks were seen moving across the valley. In Israel, military officials said that a Syrian-backed Lebanese faction called Islamic al-Amal was responsible for Sunday's bomb attacks on U.S. and French troops in Beirut. The loador was named as Hussein Musawi, whose ambition is to establish an Islamic repnblic in Lebanon.

Iraq 'attacks Iranian civilians'

BY OUR MIDDLE EAST STAFF

IRAN claimed yosterday that Iraq bad launched fresh missile attacks against civilian targets, killing nearly 80 people and injuring ovor 400.

Tho main targot was said to be tho town of Bebbehan, 120 miles insido Iran. If confirmed, this would suggest that Iraq bas taken delivery of now longer-range rockots. The Soviet-made missiles used previously have a maxium range of about 80 milos.

The week-long Iranian seigo of the Iraqi town of Penjwin in the northern sector of the battlofield was maintainod yesterday although the scale of fighting appears tn bave diminisbed.

Iran says it has taken over 900 prisoners during the offensive. Iraq claims to have killed nearly 20,000 Iranian troops and revolutionary guards.

Captain Esfandiar Hossini, tho commander of the Iranian Navy, yestorday denied Iraqi claims that tho approachos to the port of Bandar Khomeini at the head of the Gulf bad been mined. He said shipping was operating normally.

Opec wants to maintain ceiling

BY MICHAEL FIELD IN VIENNA

OPEC'S ministerial monitoring committee yesterday recommonded no cbange in the organisation's official production ceiling of 17.5m barrels per day (b/d) and no change in the members' individual quotas.

Dr Mana Saeed Otaiba, Oil Minister for the United Arab Emirates and chairman of tho committee, acknowledged that Opec was producing about 1m barrels per day above the ceiling, but said that the present state of the market meant this was not serious.

The over-production, accounted for mainly by Saudi Arabia, Iran and Nigeria, is unlikely to bave any serious impact on the state of the markot or prices before next spring.

The extra ontput is going into oil company stocks, reflecting the fact that the ceiling almost exactly matches the non-Communist world's consumption of Opec oil, and the companies are not expected to run down their stocks before the end of the winter.

By then, tho market conld be affected dramatically in one direction or another by, say, an escalation of tho Iran-Iraq war, or the conceivable re-opening of the Iraqi plpelino through Syria, or a particularly cold or mild winter.

The monitoring committee will meet next in Geneva on December 6, the day before tho next full ministerial meeting of the organisation.

Australian inflation rate at 3-year low

By Michael Thompson-Noel in Sydney

AUSTRALIA'S inflatioo rate for the 12 months to September fell to 9.2 per cent, the lowest since September 1980, and a fall of two percentage points on the level for the year to June.

In addition, manufacturing output saw healthy rises in the September quarter.

The increase in the consumer price index in the September quarter was 1.6 per cent—tho best quartorly result since March 1978, and the lowest September quarterly gain since 1975.

Significantly, the Secretary of the Australian Council of Trade Unions (Actu), Mr Bill Kelty, said in Melbourne that tho relatively small increase in inflation in the September quarter clearly meant that the Labor Government-Actu prices and incomes accord had been "cemented."

"If the accord is working, the rato of inflation will continue ta be relatively low," he said. "It is the first sign that things are starting to fall into place economically."

Australia recently ended the nine-month wages freeze introduced last December.

Oil discovery in Queensland

By Our Sydney Correspondent

AUSTRALIA has announced another significant oil discovery in Queensland, in the Cooper - Eromanga Basin, about 625 miles west of Brisbane.

Santos, one of the country's leading oil and gas prodncers, said the NacCowlah South No. 1 well had flowed at a rate of 1,390 barrels per day. It declared the area a new oilfield.

It is near the A$150m (£92m) Jackson oilfield, which is expected to produce about 13,000 barrels per day and in which Santos has a 40 per cent stake.

Recently, BHP struck oil in the Timor Sea off northern Australia. Its Jabiru No 1A find is estimated to contain recoverable reserves of 200m to 300m barrels.

Jabiru is regarded as Australia's most promising oil find since the Bass Strait discoveries of 20 years ago.

John Elliott, South Asia Correspondent, on New Delhi's upturn

India's winds of change

THE MONSOON in India is often described as the country's real Finance Minister because of the power It wields over the economy. This year it is taking over some Prime Ministerial prerogatives as well: it is one of the major factors that might induce Mrs Indira Gandhi to call a general election 12 months early at the turn of the year.

After four years of bad rains and harvests that have seriously hit India's economy, the current monsoon has been spectacularly good, and there are forecasts of bumper harvests in many states.

The overall streogthening of the country's economic position meant that in June India was able to give the International Monetary Fund (IMF) a rare bonus. It waived its rigbt to some $360m of its $5bn extended fund facility whicb ends next year.

There are, however, still serious problems. Inflation is starting to move rapidly upwards, noaring 10 per cent, and Mr Pranab Mukherjee, the Finance Minister, sounds less than confident when he declares that "I hope to keep the figure this year within single digits."

India also needs continuing substantial financial help from such sources as the IMF and World Bank, and, whilo Ministers are reluctant to admit it publicly, they are worried about the cost of aid repayments duo to start next year.

So, while the monsoon is a major factor in making the immediate economic prospects look brightor than for most of Mrs Gandhi's current reign as Prime Ministor, possible future problems could still remain, as one of her leading advisers says, "a grim prospect."

The Governmont, while trying to play down the seriousness of a steady increase in prices, knows that the good monsoon itself will aggravato the problem by increasing demand from farmers and others who will have more money to spend.

The Government is therefore tending to act on supply rather than demand to curb prices. Several millinn tonnes of wheat and rice have recently been imported, both to build up buffer stocks (which must be strong in an election year) and to keep down prices.

But the prices problem is small compared with the troubles of a bad monsoon.

In recent years a lack of rain caused serious food shortages, followed by a lack of buying power in agricultural areas. This then hit industrial production, wbicb itself was additionally affected by a dearth of hydro-generated electricity and by the diversion of power for irrigation. Coal production was also depressed by electricity shortages, in turn affecting railway operations.

This cycle is now being reversed in the agricultural, energy, and manufacturing industries. Ministers are predicting that total grain production will reach a target of 142m tonnes in 1983-84 compared with 127m tonnes last year.

Reservoirs are filling, and the efficiency of power generation is slowly improving. The cost of irrigation will be reduced because less electricity is needed for pumping, and industrial production is benefiting from botter olectricity supplies and increased demand for tractors and fertilisers, for example.

Industrial growth, however, remains sluggish and India's deep infrastructure problems are still a major deterrent. Annual industrial growth stood at 4 per cent in May compared with 4.5 per cent last year. Ministers bave optimistically claimed that it might soon top 8 per cent, achieving up to 10 per cent annually over the next two years. Mr Mukherjee says that bo expects growth to reach 6 per cent this year.

But the country's caution about borrowing excessively abroad, coupled with a shortage of rupees at bome, has slowed a number of projects. Development of the economy is being hit by a shortage of funds for such ambitious plans as public sector investment of $975bn between 1980 and 1985.

In particular, advance work on several major power projects proposed for the seventb 1985-1990 economic plan have yet to be given the go-ahead because up to 25 per cent of the costs would have to be spent in the next couple of years. One or two downstream energy projects from India's oil and gas fields have also been slowed.

Oil from India's own resources is playing a growing role in the economy. India now produces 50 per cent of its oil needs, compared with 34 per cent three years ago. But there is debate about whether the Government should press on with expensive exploration and production in order to boost its balance of payments position et a time when world oil prices have fallen.

In addition to oil and the IMF loans, the balance of payments has also benefited substantially from a flood of investments by Indians living abroad. Attracted by a fixed 13 per cent interest rate, they havo invested some $200m in banks during the last eight months.

Mr Mukherjee hopes to end 1983-84 with a balance of payments deficit of $5.1bn to $5.2bn compared with $5.7bn in 1982-1983 and $1.3bn in 1978-79. The Government also hopes for a 5 to 7 per cent growth in exports, excluding oil, after 2 to 3 per cent last year.

This improvement is not expected, however, to be firmly-onough based to carry India through the years after it starts repaying its IMF and World Bank debts. A loan of a few bundred million dollars it will be negotiating with the Asia Development Bank next month may only help at the margin.

India's Reserve Bank said in its recent annual report that 1983-84 "promised to be a year of substantial improvement." But it warned that action was needed in three ereas: agricultural growth, foreign repayments and inflation.

Many experts in Delhi regard this cautious warning as a more realistic note to strike than the unexpected optimism voiced by Mrs Gandhi recently in the U.S. when she said that India would not need special aid from international institutions after five years.

The problems that will have to be faced in the medium term will be balanced by Mrs Gandhi against the good short-term economic news as she assesses the wisdom of a dash for an early election. Other important factors will be political troubles in areas like Punjab and the possible growing viability of the Indian opposition parties after their "unity" conference earlier this month.

Finance Minister Mukherjee

THE MONSOON

THE MONSOON, derived from the Hindi word "mausam," is India's rainy season, writes K. K. Sharma from New Delhi. Monsoon winds sweep into the peninsular from the Indian Ocean from the south-west, hopefully bringing in the heavy rain clouds on which the country's agricultural hopes depend.

They begin their inland progress in Kerala state in the south-west early in May and then gradually sweep across tho subcontinent in the next few months before withdrawing to the Indian Ocean towards the end of September. The rain is heaviest in the coastal areas and hardly ever reaches Rajasthan, the desert state in the north west.

Rainfall varies, from more than 300 inches in parts of Assam to less than 30 inches in Delhi, but farmers in almost every part of the country pray for their share.

After hitting the Himalayas, the Monsoon retreats to the Indian Ocean, but this matters only to Tamilnadu in the South, the only state which gets rain from the northeast Monsoon, which goes back to the Indian Ocean from October to complete the annual cycle.

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WORLD TRADE NEWS

European parliament seeks joint policy on arms sales

BY JOHN WYLES IN STRASBOURG

MEMBER-GOVERNMENTS of the European Economic Community have been nrged to develop a common policy for tbe procurement and sale of armaments in a controversial resolution passed by the European Parliament.

Although there are doubts in some national capitals about whether arms and security issues are any business of the community, the parliament's stand tbis week will be welcomed by supporters of a more cohesive European approach in dealings with the U.S.

There were, however, sharp dlvisions within the parliament over a resolution stressing the importance of closer armaments co-operation as part of a common EEC industrial policy.

Socialists and Communists were strongly opposed, and the centre-right did not vote in its full strength, so the resolution was passed by a slender majority of 169—144 with 13 abstentions.

The resolution was based on a report compiled by the British Conservative MEP for Strathclyde West, Mr Adam Fergusson. It called on member-governments to set up an information clearing house on defence needs which would identify collaborative procurement possibilities.

The parliament also urged the expansion of dual production programmes with the U.S. under which European consortia would produce U.S.-designed equipment, with U.S. companies producing European-designed equipment.

Addressing the Commission, the parliament insisted that defence industries be brought within the ambit of Community efforts to promote industrial co-operation and to stimulate research and development.

It also said that pnblic procurement policies should be opened up to promote genuine competition between European suppliers.

On the vexed question of arms sales, the resolution called on the Community to establish rules governing supplies to the third countries, which would agree on restrictions on the export of certain types of arms to certain countries.

Japan vehicle exports up 17% in September

TOKYO — Japanese vehicle exports in September rose 17.4 per cent from August, to 482,203, and were np 4.1 per cent from a year earlier, the Japan Antomobile Manufacturers Association said.

The September rise reflected stepped-np sales tn Enrope, tbe U.S. and South-East Asia, although those to Latin America and the Middle East declined, it said.

The September total comprised 329,705 cars, 148,999 trucks and 3,499 buses.

Total exports in the first half (April to September) of tbe year ending next March 31 reached 2.86m units, np 0.9 per cent from the same 1982/83 period.

The valne of first-half exports, inclnding spare parts, rose 7.9 per cent from a year earlier to $15.82bn (£10.5bn).

September exports to the U.S. totalled 197,347 units, up from 167,959 a year earlier owing tn increased truck shipments.

Exports to the European Community in September rose to 72,201 units from 60,541 a year ago.

● Yamaha Motor Company has licensed the China North Industries Corporation in Peking to prodnce about 50,000 small Yamaha motorcycles a year from 1985.
Reuter

Westland arranges $50m funding for U.S. sales

BY LYNTON McLAIN

WESTLAND, the British helicopter manufacturer, bas arranged $50m nf finance with National Westminster Bank and Citicorp, on bebalf of a syndicate, to provide funding to potential U.S. customers of its Westland 30 civil belicopter.

NatWest and Citicorp joined Bank of America and Security Pacific in setting up the finance.

The belicopter was launched on the U.S. market two years ago, with sales to Airspur of Los Angeles. Since then sales in the U.S. have been slow to materialise. Total worldwide sales of the Westland 30 amount to 12.

The company is aiming to capaure 10 per cent of the U.S. market for medium-size, luxury helicopters, and the finance arrangement is designed to fund the sale of up to 12-15 Westland 30 belicopters, including spare parts.

"It is everybody's intention that this finance facility is only the first of many and that we will be extending it," Mr David Gibson, group finance manager of Westland, said yesterday.

"The aim is to provide a semi-fixed contract to the potential customer. The terms are pre-arranged and this enables the customer to know from the nutset what we are nffering in terms of finance."

Two months ago, the company set up a wholly-owned subsidiary in the U.S., near Washington, to expand its marketing through the U.S., Central America and the Caribbean.

Airlines abandon boycott

BY OUR ANKARA CORRESPONDENT

WESTERN airlines have abandoned a boycott of the new international airline terminal at Istanbul airport.

Until tbis week only 12 airlines, mostly from Eastern Europe and the Arab countries, bad signed contracts accepting office space at much increased prices in the new terminal, opened earlier this month.

The major Western airlines bad boycotted the terminal, arguing that rents of between $35-$40 per square metre for office space were unacceptably high. Rents in the old terminal are just over $1 a square metre.

Faced with a possibility that they might lose their right to office facilities in either the old terminal or the new one when existing contracts ran out on October 25, the airlines seem to bave capitulated.

Pratt and Whitney wins JAL order

By Paul Taylor in New York

UNITED Technologies' Pratt and Whitney division has won an order worth up to $200m to supply its JT9-7R4 fuel-efficient engines to power the fleet of Boeing 767s ordered last month by Japan Air Lines (JAL).

JAL is the 13th carrier to select the Pratt and Whitney engine for the twin-engined Boeing 767.

The Japanese airline placed firm orders for nine 767s last month and took an option on a further six jets in a deal worth $560m.

Pratt and Whitney said yesterday that the contract to supply engines for the nine firm orders would be worth $125m but if the JAL options were taken up the full value of the contract, together with spares, will be worth $200m.

Last month Northwest Orient airlines ordered two Boeing 747-200 jets to be powered by Pratt and Whitney JT9D-7Q engines.

Qantas announced plans to buy six new Boeing 767s but has yet to announce which engine it will use. Pratt and Whitney is competing with General Electric of the U.S. and Rolls-Royce of the UK for that order.

TIE may set up UK plant

By Guy de Jonquieres in Geneva

TIE-COMMUNICATIONS, a fast-growing American manufacturer of small private telephone exchanges and key systems, may set up a factory and development facility in Britain.

Mr Thomas Kelly, TIE's chairman, said a firm decision would probably be taken in less than three years, depending on the growth of its UK sales.

The plant would involve an initial investment of more than £10m ($14.9m) and would be designed to supply the whole of Europe.

The company has already inspected several possible sites, chiefly in the North-east and North-west of England.

Christian Tyler looks at one odd aspect of the North-South debate

Caught in the web of MFA quotas

ASAD LARIK sells shirts from Pakistan to Western Europe—at least, he sells as many as be is allowed to.

The sbirts are cheap: as much as balf the price of the European equivalent. But wbat Mr Asad's company makes from its annual $10m worth in sales of shirts and other finished goods to the EEC, it pays for. It spends bard cash to buy quotas and it spends time and nervous energy unravelling tbe numbing complexity of the quota rules set by the Multifibre Arrangement, or MFA.

Mr Asad has to understand things like "rollback," "swing," "carryover." Or be may find his wares subject to the "basket extractor mechanism." This is the jargon of the MFA, the system for controlling the amount of cloth and clothes that developing countries may export to the rich countries.

If it were not for MFA quotas, Mr Asad said, he could probably double his sale of shirts in Europe.

Mr Asad, wbo has an office in Frankfurt, centre of his biggest European market, was in West Berlin recently to promote the products of the Fateh Group, the large Pakistani textile and clothing manufacturer, which be represents.

He took space at a big trade fair—as be has done for several years now—where EEC and Scandinavian buyers come to see wbat the Third World bas to offer the well-heeled European shopper.

But Mr Asad did not do mnch business because within two bours of the fair opening be had sold the whole nf the special quota allotted to him for taking a stand. Any further deal he fixed up could mean getting involved in "carryover" or perbaps "borrow forward" — that is, juggling his sbare of this year's EEC quota for Pakistan with next year's.

He cheerfully confessed: "I don't believe in doing business at fairs. I come to get to know people. Contacts and education are more important." Part of that edncation is to cast an eye over what Pakistan's big competitors from the Far East are doing.

Every year the organisers of the Berlin fair for Third World exporters negotiate special quotas with the EEC in order tn provide some extra inducements for exhibitors. Tbis year, the "exhibition quotas" were worth about 10 per cent on top of West Germany's share of the EEC's total allocation and had a sales value of around DM 130m.

> **Mr Asad has to understand expressions such as "rollback," "swing," "carryover," or he may find his wares subject to the "basket extractor mechanism." This is the jargon of the MFA ....**

Translated into shirts for the Pakistani exhibitors, that meant the two or three companies on the stand could dispose of about 60,000 extra shirts each.

The special quotas for the 63 countries attending the fair are published in the Federal Republic's official gazette, the *Bundesanzeiger*. Mr Asad's company fnrked out an "entry fee" of about 10,000 rupees ($770) to the Pakistan Government's export promotion bureau to secure its share of the special quota handout.

This was a separate kind of transaction from the other, well known, practice whereby country quotas for exports to the EEC are auctioned off or traded between manufacturers, especially in the Far East. The MFA does not seek to prevent that, but it does forbid quota trading between countries.

Tbe web of quotas and subsidies does not end there. The free-trading West German government, politically opposed to wbat it sees as short-sighted protectionism in other Community atates, pays up to DM 20,000 to each developing country that wants to take space at the Berlin fair — a total subsidy of about DM 1m. The money is to defray the costs of travel, hotels and meals, which migbt be arouod DM 10,000 per exhibiting company.

The MFA is designed to give tbe declining textile industries of the ricber oations time in which to "restructure". And, it is argued, the Third World should regard the quotas both as a chance to plan their exports and as an incentive to diversify out nf goods like textiles. Yet there is something faintly absurd about paying firms from poorer countries to display in Europe goods wbicb they cannot freely sell there.

To the Pakistanis, the system looks not so much absurd as downright unjust.

"The net result of the EEC and developed world's policies," said Mr Mohammed Khan, Pakistan's commercial counseller in Bonn, "is that they are restricting initiative in the developing countries to invest and to attract foreign capital because of limited access to export markets.

"For example, if you allowed us to sell our rice, you could bave an agricultural revolution in Pakistan and the entire EEC could benefit, supplying agricultural equipment, packing plants, pesticides and chemicals."

Mr Khan rejects as simplistic the argument that developing nations must diversify to by-pass EEC trade barriers. "Our grudge is that we are not competing with their quality, yet we are discriminated against.

"We also know what marketing is and what diversification is. But do you know what our constraints are? We don't have to be taught business theory."

Mr Khan broke off to deal with a Bavarian importer wbo was complaining about a consignment nf (quota-free) hand-made carpets from Lahore.

Then he returned to his theme with a comment that summarises the increasingly fractious debate between poor South and rich North: "It will be in the long term very, very harmful to us. It will also not be much use to the developed world either."

Poland to go ahead with fertiliser plant

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND is to go ahead with the giant Police fertiliser plant, despite a break with the Creusot Loire engineering group which has been co-ordinating the project, and the termination of credit lines for essential purchases of capital equipment.

Mr Edward Grzywa, the Polish Chemical Industry Minister, said this week: "We will go ahead on our own." "Polish industry will provide some of the missing equipment and we can get the rest elsewhere for cash," Mr Grzywa added, remaining adamant that Poland was not interested in resuming talks with the French.

Mr Grzywa was confident that the 1986 completion date would be held to. This is a full five years later than originally envisage when work on the project started in 1976.

The fertliser and ammonia complex, originally financed by a FFr 1.8bn credit, is to prodnce 800,000 tonnes of fertiliser a year and additional quantities of ammonia and urea when completed.

According to the Polityka weekly, FFr 220m are still needed to import equipment for the project. The break with Creusot Loire came after Poland stopped making credit repayments in March 1983.

Deliveries of equipment were halted by the French in June of that year and the group withdrew from Police last March at the same time as the original creidt line was terminated, with nnly FFr 1.5bn taken np.

The problems facing Mr Grzywa are considerable, given the present squeeze on finance for hard currency imports of capital equipment.

Despite a planend allocation of FFr 92m for the project this year, only FFr 150,000 had actually been provided by Bank Handowy, Poland's foreign trade bank, by the end of June.

● Poland is about to enter the final stages of talks with the Soviet Union on next year's trade agreement, with numerous requests for increased deliveries of Soviet goods and little hope of having these satisfied.

In future, the Russians are tn put more emphasis on purchases of Polish raw materials such as coal, thereby limiting Poland's ability to earn hard currency through coal exports to the West.

This emerges from an interview with Mr Stanislaw Wylupek, the Polish official directly in charge of trade with the Soviet Union, published in Rzeczpospolita, the Government daily, yesterday.

THE INVASION OF GRENADA

Ramphal plans to replace U.S. troops

By Anthony Robinson

THE COMMONWEALTH secretariat is working on plans to replace U.S. troops in Grenade by a Commonwealth or Caribbean peace-keeping force "as soon as possible" with e view to maintaining law and order until elections can be beld for a new Government.

Sir Shridath Ramphal, the Commonwealth Secretary General. said in Londoo yesterday that he was looking for a withdrawal of the invading forces "within a matter of days or weeks, not months."

The U.S. Administretion has said it bopes to form a new Government beaded by the Governor-General Sir Paul Scoon, who is reported to bave been flown back to the island by U.S. forces who earlier evacueted him from Government House yesterday.

But Sir Shridath cast doubts on the wisdom of relying exclusively on the Governor-General. "I do not think it is enough just to deal with Sir Paul. We must broadly consult with all parties in Grenada to ensure whet is done bas general approval." be said.

A spokesman added that the two men bad spoken by telephone on Saturday ebont the situation In Grenada but at no time did Sir Paul ask for any kind of forces to be sent to the island, as bas been reported elsewhere.

The exact composition of the proposed Commonweelth force has not been decided. But it is expected to exclude those Caribbeen countries whose troops are presently part of the U.S.-led intervention force. The idea is to create a force which is acceptable to all parties and sectors of Grenadan life.

Mr Tom Adams, Prime Minister of Barbados, whose troops form part of the intervention force, said yesterday that an interim government would soon be formed on the island. It would take three months or so to set up a computerised electoral register

U.S. troops wait in the courtyard of the St George's School of Medicine for an incoming belicopter to transport their wounded to ships waiting offshore

Press coverage curbed

BY OUR FOREIGN STAFF

THE WAR in Grenada was the first occasion, since World War Two at least, that the U.S. bas entered a conflict withont the presence of the international media.

While the U.S. involvement in Beirut and Central America is followed in every detail by the international press, the 300 journalists covering the events in Grenade are baving to do so from the nelghbonring island of Barbados.

Not only are journalists having to cover the war from 100 miles away, bnt the U.S. embassy and the military command in Barbados, from wbich the invasion of Grenada was launched, are giving out no information.

Compounding the problem has been the overzealous attitnde of the Barbados pollce. A Time magazine pbotographer was stripped naked by police wbo caught blm taking pictures of the country's airport.

UN moves to pass motion of censure

By Our United Nations Correspondent

AFTER two rouods of debate in the Security Council on the Grenada crisis, during wbich the U.S. alone defended tbe military ection, a vote on e resolution of censure calling also for immediate withdrawal of the multinational force appeared to be imminent.

The resolution, jointly sponsored by Guyana, Nicaragua and Zimbabwe, was reported to be undergoing some amendments to make it as widely acceptable as possible, aince only the U.S. was expected to vote against it. As a negative vote would represent a veto, killing the resolution, the Grenada issne could then be taken to en emergency session of the General Assembly, where each of the 158 UN members bes equal voting rights.

While there was little doubt last night that the council resolution would receive well over the minimum of nine votes needed for adoption in the absence of a veto, there was keen interest in Britain's position, in view of Anglo-U.S. differences on the metter.

Mr Richard Luce, a Minister of State at the foreign office in New York for the General Assembly debate on disarmament, would say only that the British vote would be "as construcuve as possible." Since support for a resolution condemning the invasion might be regarded as unconstructive, several observers interpreted Mr Luce's remark as a bint of a British abstention.

France end The Netherlands also are members of the council. The French bave been highly critical of the Grenade affair, bnt up to last night the Netherlands delegate had not intervened in the council debate.

Apart from the U.S., only Dominica, Jamaica and Antigua and Barbuda—none of which is a council member—sought to justify the military action.

Proud students seal return with kiss

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

"I'VE ALWAYS been proud of America, bnt I was never prouder than today." So Janet Bause of Detroit summed up the general seotiment of the first batch of emotional American medical students to be flown home from Grenada on Wednesday afternoon.

Some of them, to the confusion of their military escorts, fell to their knees and kissed the tarmac.

The students were divided about whether they had really been in danger before the U.S. invasion, but in one respect they were nnited: the greatest thing in the world was to be American, and the U.S. Army Rangers were the best saviours since the mounted U.S. Cavalry swept the Indian-infested plains of the old Wild West.

Support and sympatby for the military—and military families—has soared to a peak this week in the aftermath of Sunday's massacre of the Marines in Beirut. Around the nation, Marine recruiting offices have been deluged witb calls from young volunteers and veterans seeking to re-enlist.

In Southern California, one recruiting officer said that for every potential volunteer who had telephoned to back out: "We've had tbree calls saying 'send me to boot camp, or don't send me to boot camp, just send me to the war, I want to fight the war'."

Conservatives have been glorying a new-found heaven. "His finest bour," said Mr Richard Viguerie, high priest of tbe Right, of Mr Reagan's Caribbean venture.

But not everyone has rallied to the flag. Students—though in bundreds, not thousands—have demonstrated against the invasion on campuses across the country and further protests are planned in Washington in the days ahead. Liberal Democrats, some black leaders, churchmen and union officials have denounced as "butchery" and "gunboat diplomacy."

There is still a fairly widespread publics impression, strongly deoied by the White House, that the move against Grenada was intended to distract attention from—or even in some way to avenge—the Beirut disaster of two days earlier.

A quick ABC News poll showed 58 per cent approving of the invasion, witb 32 per cent against. There is a common view that if Americans were really in jeopardy, it was right to save them. But when asked whether it was right for the U.S. to overthrow Marxist governments, 45 per cent said no end only 35 per cent agreed. The White House said that telephone calls to its switchboard had been running about 5 to 2 in Mr Reagan's favour.

The major newspapers have differed sharply over Grenada. While the conservative Wall Street Journal praised the readiness to use force as "immensely liberating in future crises around the world," the Washington Post questioned the desirability of the invasion and the New York Times criticised it sharply.

Most of the news media, however, bas been preoccupied with the difficulty of covering a military operation on a distant island, from which, at least during the height of the fighting, all reporters and cameramen were banned. Howls of rage went up over a refusal by Mr Larry Speakes, the White House spokesman, to confirm that the surprise invasion was about to take place several hours in advance.

More justifiably, the media is now complaining at having been subjected to a campaign of secrecy and news orchestration after the initial event. A suggestion by one Pentagon official that the U.S. had learned from Britain's treatment of the Press during the Falklands campaign only further enraged the American correspondents.

Crisis poses UK constitutional puzzle

BY MARGARET VAN HATTEM, POLITICAL CORRESPONDENT

THE PRIME MINISTER, Mrs Margaret Thatcher, was yesterday quick to disassociate her Government from any request that may have been made by Sir Paul Scoon, the Grenadian Governor-General inviting the U.S. and East Caribbean Governments to invade the island.

But ber carefully worded replies in the Commons left open the possibility thet the request had indeed been made, as claimed earlier this week by the Dominican Prime Minister, Mrs Eugenia Charles.

According to constitutional experts et Westminster, such a request would bave been made in the name of the Queen as Head of State of Grenada, but would not implicate her as Head of State of Britain nor as Head of the Commonwealth.

The distinction is important insofar as it enables the British Government to dissociate itself from the invasion withont coming into conflict with the Crown.

But it leaves the Government with another potential embarrassment on its hands. For if, as is now considered probable, the request was made, it could well be ergued that the invasion was legitimate, under the terms of the United Nations Charter, contrary to wbat bas been claimed by Westminster MP's on both sides.

The Government, under strong pressure in the Commons, has elready made clear its disapproval of the use of force to resolve the problem in Grenada. But it now appears to bave only political rather than legal or constitutional grounds for doing so.

The Government does not appear yet to heve escertained whether or not Sir Paul did request an invasion. But the mood in Whitehall yesterday was conciliatory. It was pointed out that the Governor-General was under beavy pressure—possibly in fear of his life—at the timo and that the presence of armed Cubans on the island was far larger than originally tought.

The Government's main concern now is to help in the restoration of democratic government to Grenada and to re-establish the titular antbority of the Queen, a task in which Sir Paul will play the pivotal role.

As Governor-General, end as such the Queen's representative, he is the only person who can within the structure of the Commonwealth confer legitimacy on whatever government may seek to establish itself on the island.

The Queen cannot intervene directly since she cannot sack the Governor General except on the advice of her ministers on the island and the only ministers with whom she can deal are those recognised by him. Thus any group wishing to establish itself as the Government of Grenada but wishing to remain within the Commonwealth must secure the recognition of the Governor General.

Constitutional experts have been drawing parallels with the 1975 constitutional crisis in Australia when the then Governor General, Sir John Kerr, sacked the Whitlam Government. His controversial action arose when the Labour Government of Mr Gough Whitlam, which had a majority only in the Lower House of parliament, had its funds blocked by the Upper House. To resolve the stalemate, Sir John took the unprecedented action of sacking the Government, dissolving Parliament and calling a general election.

However, the constitutional position—later upheld in successive legal challenges—indicated the same circular relationship between Crown, Governor General and Government as exists in Grenada.

OTHER AMERICAN NEWS

400 citizens who add up to $118bn

BY ANDREW TAYLOR IN LONDON

"THE BUSINESS of America is business and the best people tend to end up there." The musing of one of the richest men in the U.S. sums up the confidence and optimism of a country where immigrants can still arrive with $50 in their pocket, and end up worth more than $500m.

The story and the quotation are contained in e recent issue of Forbes magazine, which has completed its annual study of the 400 wealthiest citizens: average 62, with e combined wealth of $118bn.

The magazine's Richest Newcomer title goes to: "an obscure Korean immigrant named Kyupin Philip Hwang who took a company named Tele Video Systems and found himself worth almost $600m." Mr Hwang said: "I can only lose $50 in America because that's what I brought with me."

The title of America's richest man this year goes to Gordon Peter Getty, who has a minimum net worth estimated by the magazine at $2.2bn. In second place was retailer Samuel M. Walton ("perbaps the most spectacular story of the year"), whose 41 per cent stake in Walmart Stores jumped 212 per cent in value, leaving the Walton family worth an estimated $2.15bn.

Nato studies Andropov missile offer

By Bridget Bloom in Montebello

DEFENCE MINISTERS from Nato countries meeting In Montebello, Canada, to decide on the future of the alliance's nuclear stockpile were yesterday studying Moscow's latest offer to limit the number of nucleer missiles in Europe.

Tbe offer, made by President Yuri Andropov en Wednesday and apparently presented at tbe missile talks in Geneva yesterday, is thought by Nato officials, to be a last-ditch effort to prevent tbe deployment of the first new U.S. cruise and Pershing 2 missiles in Europe next month.

Ministers have so far refrained from public comment but officials note that the proposals contain two new elements. These are that the Soviet Union would reduce the number of its SS-20 missiles in Europe, from the present total of 243 to 140, and thet they would freeze the number of SS-20s in the Far East et their present total of 108.

President Andropov also repeated that the Soviet Union would be prepared to "liquidate" any missiles removed from Europe end would also be ready to put forward flexible proposals on the inclusion of nuclear-capable aircraft

Some observers see particular significance in Moscow's offer to reduce the number of missiles to 140, which, as President Andropov pointed out, is "noticeebly less than the combined number of British and French" missiles.

Senate blocks N-power finance

BY STEWART FLEMING IN WASHINGTON

THE U.S. Government has bowed to budgetary and environmental pressures and voted In the Senate to block a proposal to provide $1.5bn finance for the Clinch River breeder reactor nuclear power plant.

The vote, on the controversial ten-year-old project is a setback for both the Reagan Administration, which has been pressing for the funds, and a further indication of the strength of the opposition to the nuclear power industry.

Recently, a succession of planned nuclear power plants have been dropped or modified as a result of a combination of factors including soaring costs, weaker-than-anticipated demand for electricity, and environmental pressure.

Earlier this week, Dayton Power and Light in Ohio disclosed that it favours converting the Zimmer nuclear power plant, in which is has a 31.5 per cent stake, into a gas-fired unit which could be converted again into a coal-fired generator.

The Clinch River breeder reactor programme, which was authorised by Congress in 1972, bas run into particularly heavy opposition in part because of its soaring cost.

This is put by the Congressional Budget Office at some $8bn, compared with official projections of just over $4bn, and with initial estimates in 1970 of around $800m.

In addition, however, there has been fierce opposition to the breeder reactor design on the grounds that it requies plutonium fuel and when in operation would produce more plutonium than it consumed.

The Carter Administration had opposed the project partly because plutonium can be fabricated easily into nuclear weapons and that, therefore, the construction of breeder reactors would tend to facilitate the spread of nuclear weapons.

Brazil confident of prospects for wage law

BY ANDREW WHITLEY IN SAO PAULO AND PETER MONTAGNON IN LONDON

THE BRAZILIAN Government yesterday significantly improved its prospects of securing congressional approval for wage legislation, stipulated es a condition for resumption of lending by tbe International Monetary Fund and the country's international bank creditors.

After a week of negotietions between Government Ministers and leaders of the officially backed Partido Democretico Social, a new sliding-scale of salary adjustments, was announced.

First reactions to the new presidential decree No. 2065, which replaces the Bill issued after the defeat in Congress last Wednesday of the Government's original proposals, were generally favourable. Dissident members of the PDS, as well as congressmen from the smell Partido Trabalbisto Brasiliera, whose support is critical to the Bill's success, appeared to be behind it.

Congress is expected to vote in the new measure within the next fortnight.

The latest salary adjustments reeched the informal ceiling of 80 per cent of the official inflation index, previously regarded here as the minimum necessary to satisfy the IMF.

Unofficial calculations show that the total wage bill in state-owned companies has been permitted to rise to 87 per cent of the prevailing index. The impact on the saleried professionel class, earning up to $20,000 a year, has also been considerably diluted.

The International Monetery Fund is now believed to be under heavy pressure from commerciel banks to be more understanding of the political difficulties fecing the Brazilian Government in the implementation of its wages policy.

Commercial bankers feel that Brazil should be given more credit for the austerity measures ti has already taken and that the IMF need not withbold loans from Brazil if it fails to meet the precise targets for wages speiled out in its letter of intent.

So far, Mr Jecqoes de Larosiere, the IMF's menaging director, is still keen to see a wages law passed by Congress before the IMF board epproves the new Brazilian programme on November 18. Failure to enact the legislation could delay this crucial vote

Nonetheless, some commercial bankers feel tbat the IMF will be sensitive to the need for flexibility on the Brazilian case given the serious consequences for the banking system of its debt rescue pacakeg falling part.

The whole issue is likely to end up as a pboto-finish. Governof its debt rescue package fallments who are due to put a total of $2.5bn in fresb loans into Brazil may not make final commitments before the meeting of deputies of the Group of 10 finance ministers now scheduled for November 17 in Paris — one day before the IMF board meeting.

Final allocation of the shares of this lending among individual governments could depend on the passage of legisletion raising the U.S. quota sbare in the IMF through the Congress in Washington. It is felt that the other members of the G10 may be more willing to lend to Brazil if the U.S. is seen to play a full part in the IMF.

Rival parties in Argentine poll clashes

By Robert Graham in Buenos Aires

VILOENT clashes between supporters of tbe two main political parties, the Peronists and Radicals, have marred the closing stages of Argentina's election campaign.

There is concern that in the run-up to Sunday's poll, the violence might intensify. Over the weekend the state of seige, in force since 1974, is due to be lifted.

The clashes, involving militaot Peronist youths, broke out after up to 1m supporters of Sr Raul Alfonsin, leader of the Radical Party, held a rally in central Buenos Aires.

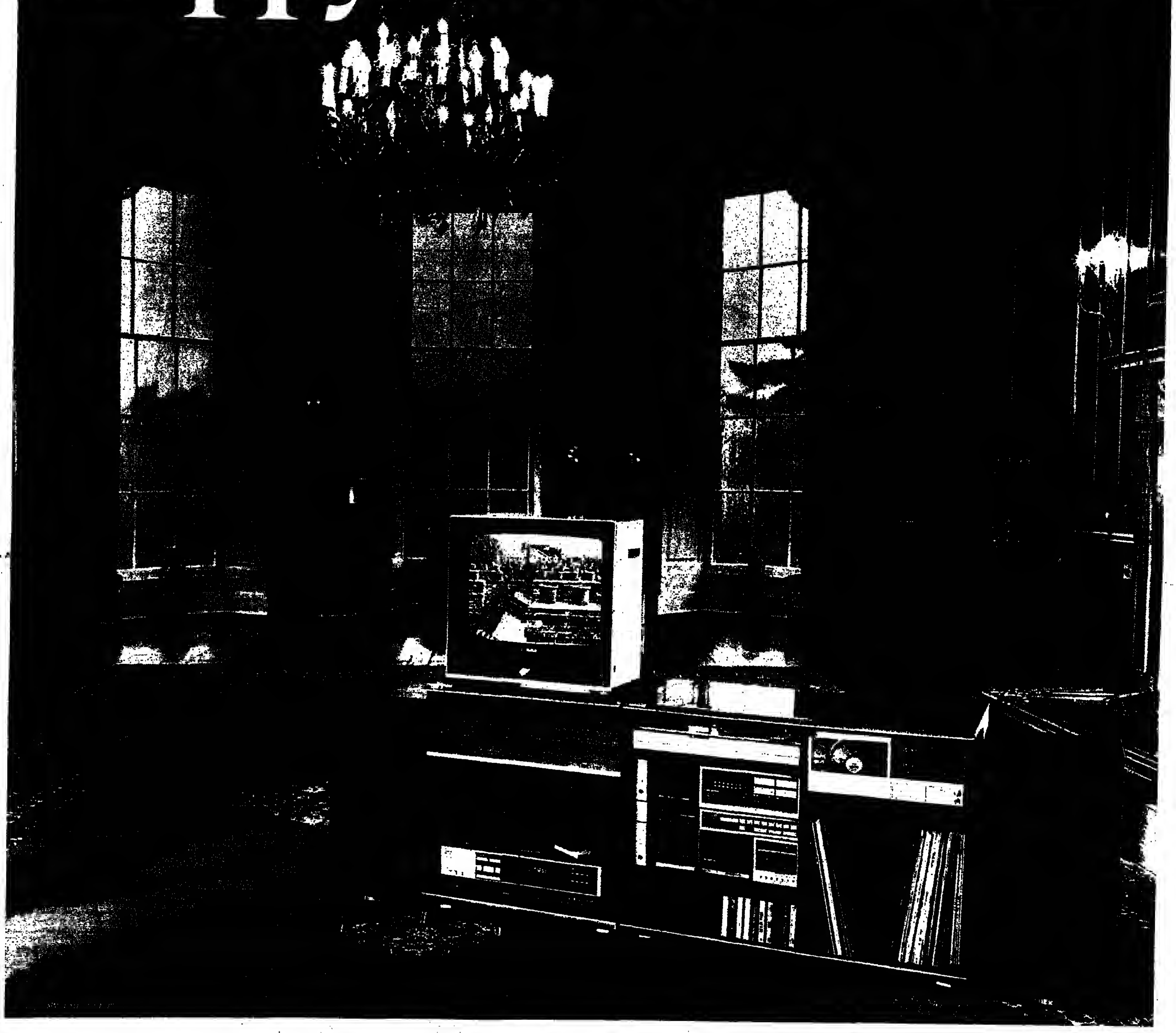
It was the biggest rally seen in seven years of military rule and confirmed Sr Alfonsin's emergence as a major alternative to the Peronists who have dominated Argentine politics since the end of the Second World War.

After the rally, Peronist youths burned flags with Radicel Party banners and attacked people leaving the demonstration. Police intervened but there were no arrests.

The main Peronist rally is due to be held in the capital today. Yesterday, Peronist supporters were driving through the streets of Buenos Aires in vans with loudspeakers urging people to attend the rally in a major show of the party's strength.

Party organisers said the rally would only be eddressed by Sr Italo Luder, the Peronists' leader.

Why the rich are happy when it rains.



Time was when a drop of rain cast a shadow of gloom on the Heaton-Smythes' social life.

But the Fisher Home Entertainment Centre, with 18" high definition colour television, 10 day record VHS video, a full range of stereo components including twin cassette deck, and CD Digital Audio Player has changed their way of thinking.

"Oh joy, Daphne, rain. Let's stay in with the Fisher."

Of course, the unlimited pleasure possibilities of the Fisher unit do present a few problems.

"Elsie Tanner, video re-runs of us at the Royal Wedding, Nöel Coward recordings. Wogan, your Johnny Rotten tape, or the Peer Gynt Suite, Rodders?"

Reassuringly, whatever their choice, they'll have access to the finest equipment available.

For instance, the colour T.V. has been precision engineered to deliver sharp picture definition right through to the screen's corners. And it features a 17 function remote control and direct video input.

The 615 VHS video has the facility to record up to 4 hours on an E-240 cassette, picture search functions like cue, review, freeze frame, and 9 function wired remote control.

And though Daphne Heaton-Smythe thinks "Wow" and "Flutter" are two dogs in the local hunt, her husband more sensibly realises the sound performance of Fisher high-fidelity is quite exceptional.

The system has outstanding features like direct-drive turntable, soft touch controls, 3-way speakers, and quartz locked synthesizer. It also boasts a twin deck cassette player with Dolby* B and C and a stereo amplifier with graphic equalizer and an impressive 40 watts RMS.

Of course, the pièce de résistance is the CD Digital Audio Player with soft touch controls, 16 selection programme memory, and forward and reverse track jumping.

You can start with a complete Fisher Hi-Fi system for as little as £299. But considering the Fisher Home Entertainment Centre offers so many components, a price of around £1,800 really isn't out of the question. Particularly, when one thinks of the amount of rain in Britain.

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UK NEWS

MOVE TO FREEZE £458m REPAYMENT TO UK

Tory discord over EEC rebate

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN parliament yesterday set out to freeze a £458m rebate on the UK's 1983 budget payments, in a vote which left the 60-strong group of British Conservatives stranded in embarrassing disarray.

After days of extraordinary agooising and backstairs-bargaining with other political groups, most Tories found themselves favouring the strategy supported by the vast majority of the parliament, but unable to stomach the proposed methods.

Fearing the wrath of Downing Street and possible political retribution in oext year's Euro-elections, the majority of the Tories voted against freezing the British rebate.

But to the obvious discomfort of the group's leader, Sir Henry Plumb, up to a dozen rebels were amoog the 262 MEPs voting to put the payment on ice.

They were led by Mr Neil Balfour, who felt that as the Tories' oegotiator with other groups he had won sufficient assurances that the British money could be freed at the end of the year, to justify backing the majority approach.

The strategy overwhelmingly endorsed yesterday aims at exploiting the parliament's power over the EEC budget to put the maximum pressure on member governments.

Waviog a vague threat that it might reject the entire 1984 budget in December, the parliament wants the summit in Athens at the beginning of that month to reach agreements on: refinancing the budget; solving the British budget problem; agricultural economics; and the development of new community policies.

In support, the parliament – in its first reading of the draft 1984 budget – has put into a special "freezing" category some 850m European curreocy units (Ecus) of the 18.5bn Ecu farm budget and some 1.2bo Ecu of special payments to the UK and West Germany.

The hope is that Loodon and Bonn will be encouraged to raise the ceiling on EEC budget revenues in Athens io December.

The Tories fear that this will, in effect, discriminate against the UK because the parliament does not have the power to freeze agricultural spending – and it knows it.

Thus, EEC budget ministers, when they meet next month, will restore the farm money and probably at least 746m Ecu of the money due to Britain and West Germany.

The parliameot does bave some control over the remaining 456m Ecu and it is possible that arouod £100m of the British rebate could be blocked if the parliameot became locked in a prolonged dispute with the Council of Ministers.

The draft, given a frist reading yesterday, added 548m Ecu to the 24.84bn Ecu draft speoding plans so far approved.

CBI and FT launch new retail distribution survey

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE Confederation of British Industry (CBI) and the Financial Times yesterday launched a new monthly survey of the distribution trades, which, it is hoped, will become an important indicator of the bealth of the economy.

The survey, sponsored jointly by the two organisations, will consist of a monthly enquiry into sales orders and stocks with a more extensive questionnaire once a quarter.

The first results for September, publisbed yesterday, suggest that the buoyant trade enjoyed by sbops in September had been predicted by retailers in August, even though that mooth's sales were disappointing.

It also suggested that retailers were expecting sales to continue at a brisk pace this month. However, the CBI, which is conducting the survey, warned yesterday that it would not be possible to base any firm interpretation on the survey figures until a longer run of results was available.

The new survey is intended to complement the existing CBI Industrial Trends survey of manufacturing industry, which has been running for 25 years and bas proved a reliable guide to the state of the industry.

Mr Bryan Rigby, deputy director geoeral of the CBI, said yesterday that when the new survey was under way consideration would be given to extending the same techniques to monitoring other parts of the economy. These might include the financial, transport or other sectors.

FIGURES WERE JUGGLED, SAYS MP

Biffen accused over takeover of Times

BY PETER RIDDELL, POLITICAL EDITOR

CALLS WERE made in the House of Commons yesterday by several MPs for a debate oo fresh allegations about the takeover of Times Newspapers two years ago by Mr Rupert Murdoch's News International group.

The allegations arise from a new book, Good Times, Bad Times, by Mr Harold Evans, the former editor of the Times, and for 13 years editor of the Sunday Times. The book, published today, includes a number of charges about the circumstances of the takeover and the subsequent political and other interference with the editor.

During Commons business questions yesterday, Mr Neil Kinnock, the Labour leader, said there should be an early debate on the "serious allegations in Mr Evans' book that the Government allowed Mr Murdoch to acquire The Times on figures which Mr Evans alleges were "intentionally a miscalculating" in respect of the profitability of the Sunday Times."

Later, Mr Robert Kilroy-Silk, a Labour MP, said there should be a statement on the "very serious allegation that the Leader of the House (Mr John Biffeo), when Trade Secretary, deliberately misled the House, when he juggled the figures of The Times to convey the impression that the Sunday Times was unprofitable, and thereby could avoid a reference to the Monopolies Commission."

Mr Biffen replied to these points that he had not seen the extracts, but be promised to take account of what had beeo said.

Mr Ian Wrigglesworth, Social Democratic Party, unsuccessfully applied for an emergency debate. He said that if Mr Evans' allegations were true "then this House has been treated by Mr Rupert Murdoch and his company with utter contempt." Mr Biffen, he said, should now have the opportunity to say whether he was misled.

Mr Wrigglesworth argued that in large part, the undertakings given to the Commons at the time of the takeover by Mr Biffen had been "broken."

In his book Mr Evans also alleges that Mr Murdoch sought the help of Mrs Margaret Thatcher, the Prime Minister, in disposing of him as editor of The Times through the offer of a public post. He also makes a number of charges of interference with the running of the paper.

Overtime ban may speed pit closures, MacGregor says

BY JOHN LLOYD, INDUSTRIAL EDITOR

MacGregor: 'First offer is my last'

MR IAN MACGREGOR, National Coal Board chairman, last night warned the industry's 190,000 mineworkers that their overtime ban planned to start next Monday, might result in a more rapid closure of pits than now foreseen. He said maintenance usually done during overtime was neglected and caused terminal deterioration.

He repeated that the board's offer of 5.2 per cent on basic rates was final and called on the National Union of Mineworkers (NUM) to "let their members decide the issue in their traditional way" – that is, by a national ballot vote.

In talks between the board and the NUM yesterday, chaired, in a breach of custom, by Mr MacGregor, Mr Arthur Scargill, the union president, made a 75-minute presentation of his case for a substantial rise, emphasising the slippage io comparative wages which he claims the miners bave suffered.

But after a brief adjournmeot, Mr MacGregor returned to state flatly that the board was already living on money it did not have, and that he meant what he said: that his first offer was also his last.

After the meeting, Mr Mick McGahey, the NUM vice-president, gave a hint of tougher action when he said that the high stocks of coal held at the pithead would not be moved by transport workers in the event of a miners' strike. However, the threat of all-out action was not raised at the meeting.

Mr Scargill claimed that the overtime ban would cost the board between £10m and £15m a week and that the union stood ready to continue negotiations at any time.

Both the board and the NUM claim that soundings they have made in the coalfields show support for their positions. The board clearly believes that a ballot would show a majority willing to accept the offer – though the union shows no signs of putting the issue to the test.

Mr MacGregor said the support for industrial action shown by almost all the NUM's areas was "a mechanism" used in negotiation and did not necessarily reflect rank-and-file views.

He said that pits might close permanently if the overtime ban excluded maintenance work, since the managers and colliery deputies who would take over the work would soon become overstretched and be unable to maintain all the pits.

Coal stocks mount to record of 58.4m tonnes

BY MAURICE SAMUELSON

BRITAIN'S record coal surplus rose by another 1.1m tonnes in September to reach 58.4m tonnes, more than half the country's entire consumption in 1982.

The official figures underline the equanimity with which the National Coal Board is facing the threat of an overtime ban by the National Union of Mineworkers.

Some two thirds of the surplus coal is stocked at power stations, with most of the rest awaiting collection from the coalfields.

Although there was a 2.5 per cent rise in the amount of coal consumed in the three months to the end of September, the output of coal fell by 5.2 per cent over the same period last year.

By contrast, Britain's production of oil between June and August was 28m tonnes, 7.6 per cent or 2m tonnes, more than a year earlier.

Strikers plan picket line despite court ruling

BY BRIAN GROOM

STRIKING SHELL refinery workers will mount a mass picket at Haydock distributional terminal, near Warrington, Lancashire, this morning, in spite of a High Court injunction aimed at stopping the secondary picketing.

Shop stewards from the Stanlow refinery, Cheshire, 28 miles away, who are on strike over a 4.5 per cent pay offer, claimed that their action would not be in defiance of the ruling made in London on Wednesday by Mr Justice Drake under the Employment Act, 1980.

The writs taken out by Shell are against Mr Howard Jones, chairman of the craftworkers' stewards, and Mr Ian Smith, the Transport and General Workers' Union chairman. They are restrained from organising the pickets at Haydock.

Shop stewards claimed last night that Mr Smith and Mr Jones were no longer involved in organising the picket. The stewards' aim this morning is to get 100 pickets to the Haydock gates at 6am.

Tension is expected at the picket line because the 100 Haydock tanker drivers voted yesterday to work normally from today, after a warning from the company that they would no longer be paid if they continued to refuse to cross the picket line.

The mass picket is clearly in breach of the Government's picketing code, which limits numbers to six per gate. "We will have to see what the police do about it," Mr Peter Casey, a Stanlow union spokesman, said.

If Mr Smith and Mr Jones are considered by a judge still to be involved in the affair, and to bave defied the injunction, they face heavy fines for contempt of court.

UK NEWS

'Sombre' industry record

BY JOHN LLOYD, INDUSTRIAL EDITOR

A "SOMBRE" picture of key areas in Britain's industrial performance is drawn by the National Economic Development Office (NEDO) in a study published today.

The document, the second of its kind, charts the position of UK industry relative to performance and other major economies over the past two decades.

Mr John Cassels, the NEDO's director general, says: "Certain aspects ... are sombre. Unemployment has risen to very high levels. Profitability remains inadequate to permit the long-term investment and expansion necessary. The level of British industrial performance lags behind that of our major industrial competitors."

However, he singles out some recent successes: inflation down to a low level; an improvement in price competitiveness after a sharp deterioration in the late 1970s; an improvement in productivity in 1981 and 1982.

He says: "It will require great effort by all concerned to strengthen our position in world markets. But the opportunities are there and, given a clear perception and determination at all levels, we can seize them."

A section of the report on overall performance shows a shift from manufacturing in all major economies, the largest of these being the UK. Services have increased in importance in all countries, with 60 per cent of activity in the UK now in that sector.

At the same time, private consumption in the UK is relatively high, remaining at 64 per cent of GDP over the last 20 years (1962-82). This compares with 66 per cent for the U.S. (up from 60 per cent in 1962) and 65 per cent for France (up from 61 per cent in 1962), but contrasts with 54 per cent in West Germany (53 per cent in 1962) and 53 per cent in Japan (61 per cent in 1962).

In international trade, the volume of Organisation for Economic Co-operation and Development (OECD) trade has tripled over the period 1964-81 – but much of this coincided with a decrease in the UK's share from 12 per cent to around 9 per cent in 1976, followed by an upturn to about 10 per cent to 1982. By contrast, Japan, West German and the U.S. have increased their shares.

Export shares of all the major countries have tended to rise over the period (although the UK's has shown a decline since the decrease in oil imports after 1976), while import shares have also tended to rise. Taken together, the comments that "these changes point to an increasing degree of integration in world economic activity over the period."

The investment balance shows a continuing and strong outflow of investment capital from the UK throughout the 1970s, with a sharp increase in the rate of portfolio investment after the abolition of exchange controls in 1979. Oil company investment shows a positive balance from the end of the 1970s.

Productivity – measured in manufacturing output per man hour – has consistently been lower than most other major economies over the past 20 years, although with a relative improvement in the 1980s, on growth rates of 4 per cent.

Relative cost-competitiveness in the UK deteriorated very sharply in the last part of the 1970s, as wage inflation and the exchange rate both rose. Lower labour costs and higher productivity since 1981 have helped to reverse this trend, although the UK still occupies a relatively disadvantaged position compared with 10 years ago.

Real incomes in the UK have generally grown more slowly than in other European countries since the mid-1960s, but they decreased sharply in the mid-1970s then picked up sharply, only to fall once more in the 1980s.

Profitability has been consistently and significantly lower than other countries for the past 20 years. It remains so, although the rate shows a declining trend in all major economies. The NEDO notes that "in the long term this is a major disincentive to companies to invest."

(British Industrial Performance; NEDO, Millbank Tower, Millbank, London SW1P 4QX; £3)

FT BANKING CONFERENCE

A means of delivery that 'allows small organisations to outperform large ones'

Viewdata heralds bank revolution

VIEWDATA is to the building society and bank branch what the car was to the stagecoach – a new means of delivery which offered cost advantages and allowed small organisations to out-perform large ones Mr John Webster, managing director of the Nottingham Building Society told a Financial Times conference on banking and electronic technology.

The Nottingham's Homelink service, developed with British Telecom and the Royal Bank of Scotland, had beeo able to offer a home banking and shopping service which was a revolutionary new type of business activity. Viewdata technology had given the Nottingham – a society with 60 branches in an 80 mile radius – a monopolistic package of services. They included the ability to cash cheques at 6,000 bank branches throughout the UK and access to 7,000 other outlets.

The Nottingham could offer "the world's first public building society banking and teleshopping service, open 24 hours a day seven days a week," he said.

Mr Webster considered that the lead was worth several years before any other organisation would have a fully tried, tested, workable and marketable service to match it.

The Nottingham was considering extending the Homelink system to Hong Kong which has a similar Prestel system as the UK, from January 1. Mr Webster said the society had also received inquiries from all over the world.

"We have reason to believe that it will not be long before other organisations purchase the technology," he added.

Mr Alfred Richter, member of the board of management of West Germany's Verbraucherbank, said he believed that by the later 1990's half his customers would use home banking services and the rest would get their money from bank self-service stations.

The use of viewdata and self-service systems had already transformed the behaviour of clients and greatly reduced the amount of book-keeping of the bank.

Ninety six per cent of the customer's transactions took place on self-service machines. Sixty per cent of all transactions took place when the banks were actually closed. "The banking system in the Federal Republic of Germany is destined for the paperless transaction system," Mr Richter said.

Mr John Bignall, an area director of the National Westminster Bank said that managers to his area, who now had computer terminals on their desks, were impressed with the improvement in their efficiency, and were happily putting in their own information.

Mr Bignall was describing the effects of installing 10 IBM computers controlling more than 300 terminals and supporting some 250,000 accounts in the Epsom area. "With both the accounting and non-accounting data on computer, the opportunities both for cost-saving and enhancement of service to customers are considerable if not enormous," Mr Bignall said.

Apart from offering better service, the "branch processor" reduced the tedium of many of the most tedious branch clerical tasks.

The future direction of money transmission systems or electronic funds transfer was still a matter for speculation, but there was no doubt about the use of processors in individual branches. "I am sure this development will be the basis for the biggest change within branch banking since computer accounting was completed in the early 1970s," Mr Bignall said.

Mr Ian Clark, UK Banking & Financial Services Manager for Digital Equipment Company, said that electronic cash management systems offered great advantages – such as reduction in idle balances or accuracy of funds transfer.

"I do not believe, however, that UK banks have got their pricing right," Mr Clark said. There was insufficient financial incentive for companies to move into the electronic field.

Other potentially valuable facilities such as foreign exchange monitoring systems and multi-national exposure and planning modelling systems had not been fully developed yet, he believed.

He called for the next phase of electronic cash management and electronic funds transfer systems to be developed in much closer harmony with the user.

Mr Carl Reuterskiold, general manager of the Society for Worldwide Interbank Financial Telecommunication (Swift) said that Swift now had 1,100 member banks and was processing between 400,000 and 500,000 transactions on an average working day.

The great success of Swift, he said, had been built on a little-noticed but fundamental achievement – the creation of uniform international standards for banking transactions.

"The creation of a set of uniform international standards for banking transaction messages is the cornerstone of Swift's achievement, and the single element that has enabled international banking and financial communications to be automated to such a high degree," Mr Reuterskiold said.

It was unwise for banks to try to build up their technological infrastructure that could be more effectively and economically operated on a co-operative basis or by outside suppliers.

"International electronic banking worldwide provides a great opportunity for networking – of sharing the cost of an infrastructure network system specifically designed by and for the banking and financial community," he added.

Mr Matthew Devlin, vice president of Citibank said that electronic banking was a necessity if you wanted to manage a bank account hundreds or even thousands of miles away.

With electronic banking you can be based in London and easily manage an account in New York, Tokyo or Frankfurt," he said.

But it was sensible to use a balance of old and new technology. For the purpose of control, the terminal was best but in many particular circumstances, it was still better to pay by cheque, Mr Devlin said.

"Just because we talk electronic banking doesn't mean to say we always have to push the whole of our wares of electronic funds transfer onto people," he added.

Banking has to take the fullest possible advantage of technology if it is to remain competitive, Mr Leif Mills, general secretary of the Banking Insurance and Finance Union told the conference.

The traditional British banking branch structure with a manager and an assistant and a hierarchy of clerical staff was no longer the most efficient nor cost-effective way of carrying on business. "The traditional career structure of those in banking is going to be inexorably altered," Mr Mills argued.

Stressed expatriates return home early

BY LISA WOOD

UP TO one third of people stationed abroad by their companies are unable to complete their contracts and have to come home, a conference in London was told yesterday.

The conference, organised jointly by Guy's Hospital Medical School and Charter Medical of England, looked at the personal and commercial consequences of expatriate stress and breakdown.

Dr Richard Caplan, Senior Registrar at St George's Hospital said however, it would be excessive to think that up to 30 per cent of employees were returning because of psychiatric breakdown. Other factors included alcoholism, family and marital problems and an inability to cope with new demands.

Dr Caplan said one of the greatest worries of expatriates was with open contracts and not knowing when they were due to return to Britain. The length of time spent abroad was not as significant a factor.

Other speakers stressed the role of close contact between personnel managers and expatriates. One organisation, it was said, ensured that employees on arrival abroad were welcomed by employees already in residence and paid a lot of attention.

Dr Raymond Gill, Medical Officer for the Bank of England spoke on the criteria of medical selection of potential expatriates.

Kidney problems, for example, could be exacerbated by dehydration with the formation of kidney stones which could involve temporary repatriation.

One speaker said his company was thinking of introducing screening for drug abuse. Dr J. A. Morgenstern, Professor and Chairman of the Department of Psychiatry, Mercer University School of Medicine replied that a drug user could skilfully avoid detection.

It was much more important for the doctor to be thorough in what he or she asked personnel with problem areas emerging in the individual's history.

Bankruptcies at peak

BY DAVID DODWELL

BANKRUPTCIES AND company liquidations rose to peak levels in England and Wales in the third quarter of this year, according to figures released yesterday by the Department of Trade and Industry.

Company liquidations, seasonally adjusted, rose by 7 per cent from the second quarter to reach a record 3,700. The increase was largely a result of a 19.5 per cent increase in compulsory liquidations, the department said. These rose to 1,590.

Bankruptcies rose to 1,890 in the three months to September 30 – an 8 per cent increase on the second quarter and also the highest total recorded in one quarter.

Analysing bankruptcies for the first six months of this year, the department said that self-employed people accounted for 76.5 percent of the total. Of these, construction and retailing businesses each accounted for 17 per cent of the total.

Hoteliers and caterers represented a further 10 per cent, and transport and communications 6 per cent. No comparisons with the first half of 1982 were available.

Among companies going into liquidation motor vehicles and filling stations, metals and engineering, and construction, each accounted for more than 10 per cent of failures.

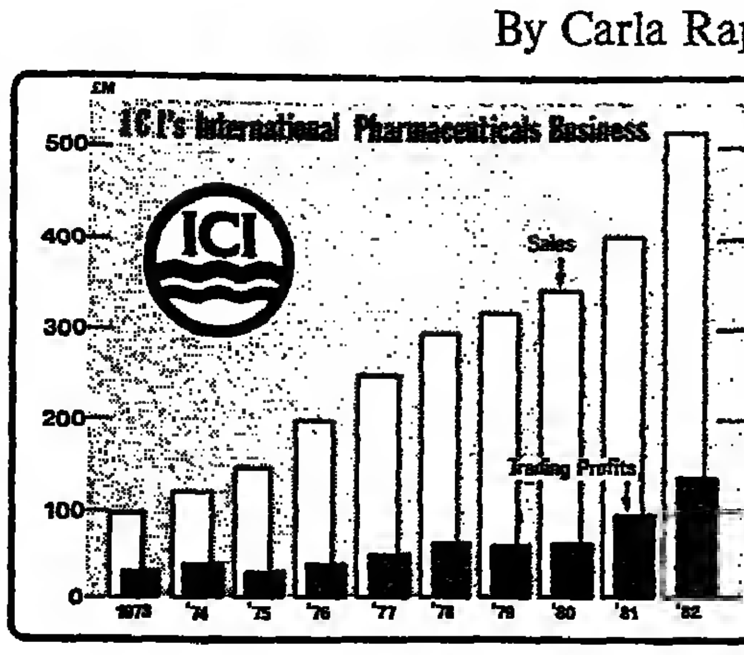
BASE LENDING RATES

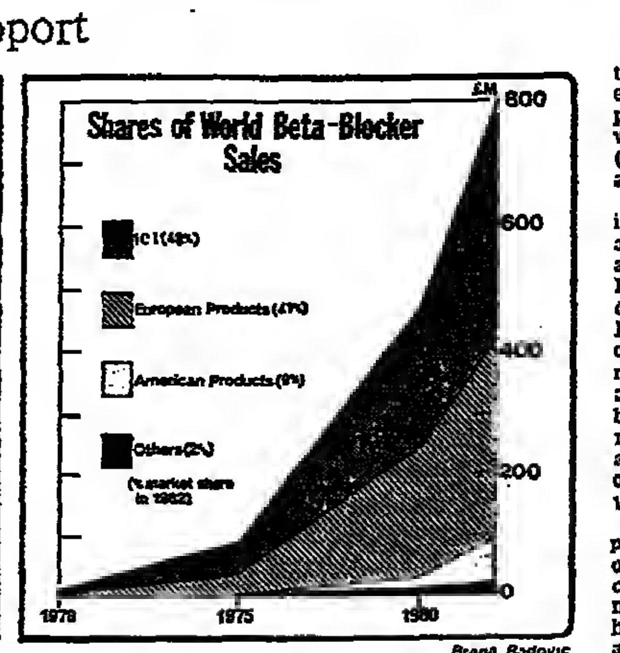
A.B.N. Bank	9 %	■ Hambros Bank	9 %
Allied Irish Bank	9 %	Heritable & Gen. Trust	9 %
Amro Bank	9 %	■ Hill Samuel §	9 %
Henry Ansbacher	9 %	C. Hoare & Co. †	9 %
Arbuthnot Latham	9 %	Hongkong & Shanghai	9 %
Armco Trust Ltd.	9 %	Kingsnorth Trust Ltd.	10 %
Associates Cap. Corp.	9½ %	Knowsley & Co. Ltd.	9½ %
Banco de Bilbao	9 %	Lloyds Bank	9 %
Bank Hapoalim BM	9 %	Mallinhall Limited	9 %
BCCI	9 %	Edward Manson & Co.	10½ %
Bank of Ireland	9 %	Meghraj and Sons Ltd.	9 %
Bank Leumi (UK) plc	9 %	Midland Bank	9 %
Bank of Cyprus	9 %	■ Morgan Grenfell	9 %
Bank of Scotland Ω	9 %	National Bk. of Kuwait	9 %
Banque Belge Ltd.	9 %	National Girobank	9 %
Banque du Rhone	10 %	National Westminster	9 %
Barclays Bank	9 %	Norwich Gen. Tst.	9 %
Beneficial Trust Ltd.	10 %	R. Raphael & Sons	9 %
Bremar Holdings Ltd.	9 %	P. S. Refson & Co.	9 %
Brit. Bank of Mid. East	9 %	Roxburghe Guarantee	9½ %
■ Brown Shipley	9½ %	Royal Trust Co. Canada	9 %
CL Bank Nederland	9 %	Standard Chartered ‖	9 %
Canada Perm't Trust	10 %	Trade Dev. Bank	9 %
Castle Court Trust Ltd.	9½ %	TCB	9 %
Cayzer Ltd.	9 %	Trustee Savings Bank	9 %
Cedar Holdings	10 %	United Bank of Kuwait	9 %
■ Charterhouse Japhet	9 %	United Mizrahi Bank	9 %
Choulartons	10½ %	Volkskas Intnl. Ltd.	9 %
Citibank Savings ¶	10½ %	Westpac Banking Corp.	9 %
Clydesdale Bank	9 %	Whiteaway Laidlaw	9½ %
C. E. Coates	9½ %	Williams & Glyn's	9 %
Comm. Bk. of N. East	9 %	Wintrust Secs. Ltd.	9 %
Consolidated Credits	9½ %	Yorkshire Bank	9 %
Co-operative Bank *	9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½ %		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11½ %		
First Nat. Secs. Ltd.	11½ %		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%. 1-month 5.75%. Short-term £8,000/12 months, 8.1%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 6¼%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—8.90%. Effective annual rate—9.27%.

How ICI is searching for a new blockbuster

By Carla Rapoport





Brian Radovic

A WELL-DRESSED chauffeur collects visitors to Imperial Chemical Industry's pharmaceutical division in Cheshire with a blue Ford Granada. His counterpart at ICI's Petrochemical and Plastics division in Welwyn drives a Jaguar with leather seats.

The driver in Cheshire makes no apologies for the cheaper car. "We've got 14 of 'em," he boasts. They lose the money down in Welwyn. Up here, we make it."

The chauffeur is right. ICI's pharmaceutical division accounts for less than a tenth of the company's sales. Last year, however, it supplied a stunning 38 per cent of the company's trading profits of £866m. (Petrochemicals and plastics, with the Jaguars and sales of nearly £2bn, turned in record losses of £139m.) This year, pharmaceuticals will make even more money.

Ranked just 23rd in terms of sales among the world's major drug companies, ICI Pharmaceuticals has nonetheless secured a hammer-lock hold on nearly half of the $1.2bn-a-year market for beta blockers, the world's best-selling heart drug. To the delight of ICI, this success has been scored at the expense of much bigger and better established rivals.

ICI's impressive attack on the U.S. heart drug market over the last three years has helped to double profits between 1980 and 1982 (see chart) and fatten profit margins to 27 per cent from 19 per cent. Booming beta blocker sales world-wide has helped to produce a 20 per cent compound growth rate in sales since 1973.

These successes, plus the tantalising prospect of a recovery in ICI's main businesses, have prompted an American-led stampede into ICI's shares. From 350p in the spring, the shares are now trading at around 570p. Next Tuesday, the company will have its own listing on the New York Stock Exchange.

Many of ICI's newest investors, however, have the idea that they have bought a go-go drug stock, and pay little regard to the company's vast chemical businesses. A visit to Alderley Park outside of Macclesfield, Cheshire, home of ICI's drug division, would soon bring them back to earth. There, executives realistically acknowledge that continuous high growth cannot be assured.

Despite the group's success with beta blockers, ICI has not launched a new drug since 1976. No one at Alderley Park tries to hide this fact. Mr Peter Cunliffe, the division's chairman readily admits: "nothing we've got (in our new product portfolio) will sweep the world within two years."

The result is that ICI Pharmaceuticals is facing a gap of almost 10 years between the introduction of new drugs. This can be a serious problem, because drug companies work on long lead times. The beta blocker, for example, was developed more than 20 years ago.

It can take as long as 10 years to bring a new drug to the market and companies generally figure that their money-makers will run out of patent protection or become obsolete within at most a decade of their launch.

ICI is acutely aware of its need for another highly successful new drug. The division has been actively expanding both the size and geographical spread of its research and marketing activities. Promising advances in the cardiovascular and anti-cancer areas are filling up the new products' pipeline and one of them could well provide.

ICI has already enjoyed remarkable good fortune with beta blockers. The division still expects at least another six or seven years of solid growth out of the product. This translates into at least two or three more good years of profit growth.

That said, newer heart drugs coming onto the market could abbreviate these projections. ICI is aware of this and other perils. "We would be extremely foolish if we said we can grow at the rate we are growing for the next 10 or 15 years. We are confident about the next few years, but no, I don't see that we have a biggie in the locker," says Dr Bill Duncan, the division's deputy chairman.

A dynamic Scot who clearly enjoys his work, Dr Duncan points out, however, that no one, least of all ICI, predicted the vast market potential of beta blockers. These drugs were originally aimed at reducing the risk of angina attacks by slowing the action of the heart. Subsequently, they were discovered to reduce blood pressure, paving the way for large commercial success. The wide-ranging beneficial effects of lower blood pressure, however, were not fully accepted until the late 1970's, more than 15 years after Sir James Black developed beta blockers at ICI.

"The ability to predict biggies in this business is remarkably poor. Tagamet (currently the world's best selling drug with sales of $1bn) was predicted to peak at about $50m," Dr Duncan says.

The beta blocker has been a block buster of enviable proportions. The chronic nature of hypertension and the ailment's high incidence in Western countries provided a rich mine for ICI's first beta blocker, Inderal, launched in 1965. Other, bigger companies were fast off the mark with their own beta blockers, but ICI managed to cling to its commanding share of the market by convincing doctors that newer, more expensive rivals were not necessarily better. Its more selectively-acting form of the drug, Tenormin, capitalised on Inderal's success and is still sweeping up more market share in the U.S. and Europe.

Back home in Alderley Park, however, things were not going so well. Two extremely promising drugs, one for ulcers and another for arthritis, were dropped from clinical trials. In the case of the anti-arthritic, Clozic, the decision was an extremely painful one as the product actually acted on the progress of the disease and not just the symptoms. In both cases, potential side-effects looked too worrying to allow further development.

"It's the problem everybody hates to have," says Mr Cunliffe. Between them, the two drugs represented 14 years of research.

The success of beta blockers, however, allowed the division to begin to seriously pump up its research operations. This year, ICI will spend around £80m on R & D, compared to just £50m in 1980. This level of spending puts ICI into the top 15 pharmaceutical companies world-wide in terms of R & D.

"You've got to be big enough in this business to cover your research over barren patches. Everyone runs into a blank period," says Mr Cunliffe.

Calling it "inspired intellectual gambling," Dr Duncan says that drug research is an extremely difficult game to play. "No sensible person would engage in therapeutic (drug) research," he says with a laugh.

The group is concentrating its money in a few specialised areas, including cardiovascular, anti-cancer and anti-infectives. But it is not neglecting its cash cows. New studies on Inderal, which is no longer covered by a patent, are currently absorbing close to £1m a year. ICI hopes to show that beta blockers improve survival rates for victims of heart attacks and lengthen life by offering useful protection for the heart.

But large American competitors, needled by the success of a drug they had earlier discounted, are moving up swiftly on ICI with two new kinds of heart drug, calcium antagonists and ACE inhibitors.

A leading article in the British Medical Journal last month singled out ACE inhibitors, specifically Squibb's Captopril, saying that the drug had been found "to have a wider therapeutic range" than might have been supposed initially.

Nonetheless, ICI has not been napping. It believes that beta blockers may find wider uses in conjunction with the newer heart drugs. Further, it is expecting a good reception for its new cardiostimulant, Corwin, which it hopes to launch in 1985. This drug is predicted to be of importance in the treatment of congestive heart failure.

"There are products which produce excitement. Beta blockers did, ACE inhibitors do, and we think Corwin might just have a place in heart failure treatment which will lead to large clinical applications. If you do have something which works out, it can move very quickly," says Mr David Friend, European director.

Investment analysts, who have been very upbeat about ICI's drug division, point out that Corwin could still be vulnerable to side-effect troubles in its last phase of testing. Miss Elizabeth Greetham, of F. Eberstadt & Co in New York, points out that fairly recently several other digitalis alternatives have been dropped when only a year or so from the market.

Another promising product in the ICI portfolio is its drug aimed at aiding diabetic therapy. This product may reduce complications suffered by diabetics such as cataracts. Miss Greetham also points out that ICI's highly successful cancer drug, Nolvadex, is likely to widen its sales in coming years by increasing its scope from treating breast to endometrial cancer.

The company has also been active in licensing agreements. Next year it will launch a third-generation cephalosporin antibiotic, Cefotan, licensed from the Japanese company, Yamanouchi. This class of antibiotic is aimed at treating the most serious kinds of infections.

The very word antibiotic, however, brings a few sheepish smiles from some of the members of ICI's team. "We were in antibiotics back in the 1940s," says Dr Desmond Fitzgerald, ICI's medical director.

"We made penicillin in milk bottles. But we went the wrong way. Our predecessors decided that synthetic anti-bacterials were the way to go, and it was the wrong way then. It was the right idea at the wrong time. We spent 40-odd years on the fringes of antibiotics. We're now coming full circle. The history was there, the knowledge was there, the trick is getting it all together."

That, with all the might it can muster, is what ICI Pharmaceuticals is aiming to do.

APPOINTMENTS

Chairman at Lever Industrial

Mr Barry Hartop has been appointed to succeed Dr George C. Gibbons as chairman and managing director of LEVER INDUSTRIAL, the Unilever company marketing cleaning and hygiene products for commercial and industrial use in the UK. For the last three years Mr Hartop has headed the Unilever development and application centre in Holland, which develops products, packaging, dosing equipment and cleaning systems for all Lever industrial companies in Europe and overseas. Dr Gibbons will relinquish the Lever Industrial (UK) chair on October 31.

*

Mr Len Peach, director of personnel and corporate affairs, IBM UK has become president of the INSTITUTE OF PERSONNEL MANAGEMENT. He succeeded Mr Bob Ramsey, former industrial relations director of Ford Motor Co.

*

PLYSU has appointed Mr Brian Lewis a non-executive director. Mr Lewis is a director of Robert Fleming who have been merchant bankers to Plysu for many years.

*

THE WEST MIDLANDS INDUSTRIAL DEVELOPMENT ASSOC has appointed Mr Ronald Sampson its first chief executive. Mr Sampson is director of the North East Scotland Development Authority. He is expected to take up his new appointment in January.

*

Mr Ron O'Keeffe, Mr Michael Barrett and Mr Cameron Savage have all been promoted to become divisional directors of PATERSON JENKS. Mr O'Keeffe, national accounts controller, and Mr Barrett, field sales manager, have both been appointed directors of the brokerage division. Mr Savage is financial controller of Paterson Jenks manufacturing division. Mr Christopher Taverner, general manager, has been appointed divisional director of the international beers, wines and spirits division.

Lord Saye and Sele, regional director of Lloyd's Bank

*

Mr J. C. Browne and Mr T. I. Dale-Harris have joined the board of JOHN HAYTER (AGENCIES). Mr G. P. McMullen, company secretary, has also been appointed a director of the company and its subsidiaries Charles Howard Agencies and John Hayter Motor Underwriting Agencies. Mr M. Crowe and Mr G. P. McMullen have been appointed to the board of Charles Howard Underwriting.

*

Lord Saye and Sele has been appointed a regional director of the South Midlands regional board of LLOYDS BANK. Lord Saye and Sele is a chartered surveyor and partner in the firm of Laws and Fiennes.

*

Mr A. E. Robinson, regional director, Home Counties, has been appointed assistant general manager, UK operations, MIDLAND BANK. Mr J. N. Boreham, regional director, Bristol, succeeds Mr Robinson as regional director, Home Counties. Mr A. E. Troop, regional director, Exeter, has been appointed regional director, south west region.

*

RINGTONS has appointed Mr Nigel Smith joint managing director. He will continue to cover the purchasing of teas.

*

Following the retirement of Mr. O. S. Masefield, Mr T. A. Kent has been appointed chief executive of the ACCIDENT OFFICES ASSOCIATION and chairman of the Accident Offices Association (Overseas). Mr J. L. West has been appointed secretary of both Associations.

*

Mr Anders Kuikka, the founder's son, has been appointed deputy managing director of GEORGE KUIKKA. For the past two years Mr Kuikka has been employed as a management consultant with McKinsey and Co. based at its Copenhagen office.

Notice of Redemption

Transamerica Overseas Finance Corporation N.V.

8½% Guaranteed Sinking Fund Debentures Due 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Fiscal Agency Agreement dated as of December 1, 1971, under which the above-designated Debentures are issued, $401,000 aggregate principal amount of such Debentures of the following distinctive numbers has been drawn by lot for redemption on December 1, 1983 (herein sometimes referred to as the redemption date):

$1,000 COUPON DEBENTURES

M21	2569	3348	7093	8612	9883	10298	11814	12828	14202	14968	15416	16413	17618	18518	18892	19670
83	2578	3367	7112	8634	9884	10307	11926	12846	14529	15027	15425	16440	17623	18534	18907	19675
91	2604	3411	7150	8652	9916	10327	11929	12849	14533	15029	15456	16631	17631	18570	18936	19702
95	2605	3681	7213	8653	9950	10524	11950	12856	14536	15052	15457	16635	17633	18598	18966	19707
96	2617	3683	7238	8660	9957	10545	11957	13009	14571	15054	15458	16661	17643	18602	19073	19722
143	2625	3715	7242	8668	9999	10548	12017	13011	14595	15066	15567	16676	17658	18605	19122	19765
206	2628	3718	7250	8747	10021	10551	12018	13012	14600	15068	15569	16724	17668	18617	19128	19787
233	2802	4956	7257	8765	10024	10554	12127	13013	14602	15071	15585	16743	17739	18642	19150	19792
260	2805	4968	7427	8944	10037	10562	12137	13068	14616	15091	15807	16744	17815	18646	19186	19798
345	2807	6550	7433	8947	10048	10586	12505	13225	14619	15099	15820	17287	17810	18652	19188	19800
430	3031	6588	7530	8957	10051	10590	12513	13249	14667	15113	15832	17399	17821	18710	19219	19824
432	3035	6657	7536	9102	10059	10645	12573	13267	14692	15153	15847	17405	17829	18713	19235	19845
469	3046	6669	7834	9136	10084	10652	12574	13314	14725	15168	15859	17425	17904	18745	19244	19852
484	3056	6670	8031	9196	10086	10677	12590	13403	14728	15180	15861	17459	17935	18751	19250	19858
486	3076	6806	8070	9214	10102	10689	12595	13535	14765	15192	15867	17460	18117	18759	19260	19906
562	3094	6813	8101	9321	10117	10708	12626	13559	14770	15251	15894	17464	18237	18781	19286	19954
598	3116	6816	8108	9351	10120	10712	12654	13562	14771	15297	15949	17465	18254	18788	19291	19970
702	3121	6828	8340	9359	10128	10902	12660	13586	14798	15300	15986	17518	18271	18810	19296	
707	3122	6883	8352	9528	10134	11724	12678	13770	14813	15304	15997	17545	18292	18861	19306	
792	3166	6894	8447	9543	10143	11742	12689	13928	14817	15319	16001	17561	18463	18872	19341	
938	3167	6910	8450	9841	10147	11764	12695	14033	14822	15375	16140	17582	18472	18873	19398	
994	3282	6919	8471	9853	10162	11765	12718	14037	14880	15385	16153	17591	18483	18876	19451	
1600	3321	7090	8474	9868	10270	11778	12731	14057	14910	15397	16284	17608	18492	18882	19479	
1712	3351	7092	8609	9870	10271	11799	12820	14069	14931	15409	16317	17613	18501	18887	19482	

The Debentures specified above are to be redeemed for the Sinking Fund (a) at the Corporate Trust Office of Citibank, N.A., Fiscal Agent under the Fiscal Agency Agreement referred to above, No. 111 Wall Street, Receive and Deliver Department, 5th Floor, in the Borough of Manhattan, the City of New York, or (b) subject to any laws and regulations applicable thereto, at the main offices of Citibank, N.A. in London (Citibank House) and Frankfurt/Main, the main office of Amsterdam-Rotterdam Bank, N.V. in Amsterdam, the main office of Société Générale de Banque S.A. in Brussels, the main office of Banca d'America e d'Italia in Milan, the main offices of Banque de Paris et des Pays-Bas and Compagnie Européenne de Banque in Paris, and the main office of Banque de Paris et des Pays-Bas pour le Grande Duché de Luxembourg in Luxembourg. Payments at the offices referred to in (b) above will be made by a United States dollar check drawn on a bank in New York City or by a transfer to a United States dollar account maintained by the payee with a bank in New York City, on December 1, 1983, the date on which they shall become due and payable, at the redemption price of 100 percent of the principal amount thereof, together with accrued interest to the date fixed for redemption. On and after the redemption date, interest on the said Debentures will cease to accrue, and, upon presentation and surrender of such Debentures with all coupons appertaining thereto maturing after the date fixed for redemption, payment will be made at the said redemption price out of funds to be deposited with the Fiscal Agent.

Coupons due December 1, 1983 should be detached and presented for payment in the usual manner.

For TRANSAMERICA OVERSEAS FINANCE CORPORATION N.V.
By: CITIBANK, N.A.
Fiscal Agent

October 28, 1983

Britain spends less on aid to Third World

BY STEPHANIE GRAY

BRITAIN GAVE less aid last year to developing countries than any member of the European Community apart from Italy. Figures published by the Overseas Development Administratioa show thet last year'a contribution, at £1bn, was down £100m on 1981 and represented the equivaleat of only 0.37 per cent of Britain's gross national product.

The United Nations target of 1 per cent of GNP was comfortably met, however, when private flows of £2.4bn, largely foreign currency loans by banks, were taken into the equation. The report, British Overseas Aid 1982, admits though that private flows went primarily to middie income countries rather than to the Third World.

Multilateral aid, disbursed mainly through EEC and World Bank programmes, rose £70m on 1981 figures to £417m, while bilateral donations fell £131m to £674m.

The report notes Britain's contribution to easing the problems faced by the International Development Association (IDA) – the soft loan arm of the World Bank and the main source of multilateral aid funds for the poorest countries. It has waived its rights under the agreement for the IDA's sixth replenishment to have its contribution drawn down in parallel with the reduced rate imposed oa the U.S. contribution by Congressional action.

The UK has also waived repayment of official debt for most of the poorest countries – mainly sub-Saharan Africa aations – the most recent of which is the cancellation of £22m debt owed by Mozambique.

Of the bilateral total, 80 per cent was spent on British goods and services. The controversial aid and trade provision (ATP), set up in 1977 to match offers of mixed credit made by other countries and allowing British companies to tender on equal terms to foreign competitors for contracts in the Third World, amounted to £63m – almost double the amount spent in 1981.

Development experts have long argued about the value of the ATP to recipient countries. One of the main criticisms is that pressure from donor countries anxious to finance capital projects has encouraged recipients to embark on new investments without sufficient regard to their recurrent implications.

Whatever the argument, the benefits of ATP agreements to British exporters are considerable. Since its inception, the report says, the ATP has resulted in exports worth £1.1bn from an aid input of £229.5m. Last year, 12 ATP agreements were signed for £115.5m. The agreements secured UK exports worth more than £680m.

The emphasis of British aid policy last year remained on funds for projects, particularly those associated with agriculture, though the report foresees project aid as representing a diminishing share of the budget in future. The ODA put into force revised instructions for monitoring projects, underlining the increased importance of close supervision.

Axe finally falls on ailing cutlery maker

BY NICK GARNETT, NORTHERN CORRESPONDENT

RICHARDS of Sheffield, which has beea put into receivership, is the latest casualty in the UK's rapidly shrinking cutlery industry.

The company has suffered several years of continuous losses. A spokesman said yesterday that 80 of its 207 workers would lose their jobs immediately. The fate of the rest of the workforce might be known soon.

Richards was formerly part of Imperial Knife, but was acquired by the American-owned Western Knives group last year.

The spokesman said Richards would continue to trade under the control of the receiver and its managers. The company's position was being assessed and negotiations were taking place to make the company viable at a reduced size.

The Sheffield cutlery industry has shrunk from employing more than 30,000 in the 1950s to around 2,000. Viners, one of the city's biggest manufacturing names, collapsed last year, although its trademarks were sold off.

Richards makes middle-range pocket knives and scissors, and higher price-range carving knives. It employed 800 in the mid-1970s and was once capable of accounting for more than 60 per cent of UK pocket knife production and 30 to 40 per cent of the home industry's output of scissors. It has suffered, however, because of imports which have been flooding the UK industry for years.

Taiwan is now probably the largest exporter to the UK of pocket knives. Korea is a buge exporter of scissors. Japan and, increasingly, Pakistan, are major producers of both products. One estimate three years ago put Far East penetration of the UK stainless steel cutlery market at more than 90 per cent.

The upsurge in imports has been partly bolstered by some British brand names bringing in cutlery and related products from outside the UK.

There has also been criticism from within the UK industry over its willingness, or lack of it, to defend itself against look alike imports.

Industrial robot makers face 'severe shakeout'

FINANCIAL TIMES REPORTER

DR JOE ENGELBERGER, president of Unimation, the world's leading producer of industrial robots, yesterday said that the world's robot industry had become overcrowded and faced a severe shakeout. Many small producers would be forced out of business, he said.

He told UK industrialists at a conference in Liverpool that a number of large corporations were beginning to make their own robots.

Many British manufacturers have delayed buying robots because nf the recession and high interest rates, but Mr Stuart McCullagh, robot project manager of ESAB-Lincoln Automation, also blamed bureaucracy in the Department of Trade and Industry (DTI) for the state of his company'a order book.

Mr McCullagh said: "A third of the cost of a robot can be obtained as a grant. The DTI says it takes an average of seven to eight weeks to process an application, but our experience is that it is between seven and 12 months. One of our customers has been waiting for more than a year.

"We are advising companies not to lose patience and buy without a grant, because one customer who did this then discovered that grants could not be given retrospectively," he added.

ESAB-Lincoln, a subsidiary of ASEA, the Swedish power and generation conglomerate, has no British orders at all for its latest robot welding system, the Orbit 160R. The company bas sold 80 other systems ia Britain since 1978.

While agreeing that applications could take time, other robotics companies at an exhibition held to coincide with the conference were more cautious in blaming bureaucracy, partly because they all had to maintain good relations with the DTI.

Mr Paul Ritson, senior technical sales engineer of the expanding, Preston-based Dainichi-Sykes Robotics, said: "We know of one case where the application took only four weeks."

Dr Engelberger said these problems were only part of the story. "Why have a robot working round the clock twice as fast as humans if already you can't sell what the humans are producing on single shift working?" he said.

His own company, which turns out Unimate Puma robots at Telford, Shropshire, had a 70 per cent sales growth last year, but he said sales had now reached a plateau. Dr Engelberger added: "Since we planned for 35 per cent sales growth a year, it's all right so far. But it does mean we've got to grow again next year and that's not going to be easy."

Another problem was the proliferation of robot makers. "There has got to be a shakeout. Some of the smaller companies are not going to survive," he said. This view inevitably led to some potential customers holding back on purchases so that they could be certain of future service from surviving manufacturers.

Dr Engelberger's long-range forecast for robot usage included refuse collection, fast food preparation, petrol dispensing, animal husbandry (for example sheep shearing), nuclear maintenance and certain surgical applications.

Meanwhile, the need for industry to invest in robots grew ever more pressing. For example, a car worker in the U.S. cost $19 an hour now as opposed to $3 in 1960. Robot costs had merely doubled to $6 an hour in the same period. Significantly, Japan had moved heavily into robotics, despite the fact that it was already competitive through unit labour costs of only $11 an hour.

Pheasant industry braced for a lean season

Ian Hamilton Fazey outlines how a great British sporting tradition is coming under fire from EEC rules, cheap imports and factory farming.

BRITAIN'S first big pheasant shoots of the season get under way this weekend with the industry in crisis and an Edwardian description of its economics truer than ever.

"Put up a guinea, bang goes twopence, down comes half-a-crown," was the saying.

It now costs £10.40 to rear a bird and put it up over the guns. Cartridges are about 10p each. But the price of pheasants is the real problem. Last year it plummeted to £1.50 a brace wholesale, and the industry in Britain is desperate that it should not fall further.

Several game dealers have gone to the wall as a result of the slump in prices. Those still in business are, in many cases, hanging on grimly. Prices fell under the combined pressures of new EEC hygiene regulations, cheap imports from East European countries and – to the sportsman's horror – factory farming of game birds.

Four years ago, British pheasants provided reasonable income for those who reared them and good profits for dealers. Wholesale prices rose to £5 a hrace and many birds were exported.

But the export market died overnight because, as one member of the industry said: "The EEC people felt that a pheasant that is brought down with lead shot, falls in a puddle and is then carried back in a dog's mouth, hasn't been slaughtered in conditions of hygiene that make it fit for human consumption."

Competitive pressure also told, particularly from Hungary and other East European countries, which organise package shooting holidays to earn foreign exchange from American and West Europeans. A typical four-day package costs about £1,000, with good shooting guaranteed.

The birds are bred in huge numbers – a typical shooting party will bring down 1,000 a day. At this point a hygienic production line takes over, with a pleatiful supply of buman labour to do the retrieving and immediate processing by mobile mini-factories to machine-pluck, clean and pack the birds in plastic on little polystyrene trays.

This is a far cry from the British tradition of hanging up a brace of birds for the process of putrefaction to tenderise the tough flesh.

An even farther cry is the growth in pheasant factory farming. The aim is to market even more game birds – if they can be called that in this case – more economically, more hygienically and more oven-ready.

Eastern Europe and China are the leaders here, and potential market is huge. One British authority says: "The world market will, in fact, take all it can get and runs into millions of birds. At these prices they will also take market share from other fowl – just compare today's pheasant prices with those of supermarket chickens."

No one sees the battery-reared, flightless pheasant taking over completely from those reared in the wild – but no one sees British traditions moving towards the Hungarian model either.

What break there has been with tradition in Britain has seen increasing numbers of formerly private shoots having to hire out enough days in the season – from October 1 to January 31, but usually taking a month to get going – to make ends meet.

A typical day's shooting will cost a party of eight £1,000 and so far there seems to be no shortage of takers.

The main costs to be covered are for gamekeeping – at least £8,000 a year for a typical estate – and feed, which consists of £100-a-tonne high-protein poultry pellets, followed by similarly expensive growth pellets, then cheaper wheat nr barley as the summer progresses.

Gamekeepers aot mnly rear the game, but also protect it from poachers, who have moved with the times and now operate in gangs on a commercial basis.

Most poaching takes place at night, with gangs using powerful lights, dogs, air rifles and small-bore shotguns to take the birds on the ground.

Meanwhile, the high-flying pheasant remains nne of the most taxing targets for the enthusiasts out this weekend. The willingness of many to pay dearly for their sport is what the British pheasant industry now depends on.

THE ARTS

Opera and Ballet

LONDON

Royal Opera, Covent Garden: the Royal Opera's second postwar production of Mussorgsky's Boris Godunov (original version) is produced by the Russian film director Valery Terkovsky and conducted by Claudio Abbado, with Robert Lloyd in his first attempt at the title role, Gwynne Howell, Eva Randova, Mikhait Svetlev, and Philip Langridge

English National Opera, Coliseum: the new ENO Ring begins with Valkyrie, a home-team effort (David Pountney producing, Mark Elder conducting), sung by Anthony Raffell, Linda Esther Gray, Alberto Remedios and Josephine Barstow. Further performance of Monteverdi's Orfeo in David Freeman's love-or-hate-it production; Last of Rienzi, and unexpected hit in Nicholas Hytner's Nazi-dress version; and revival of The Tales of Hoffmann, a perennial Coliseum pleaser

Royal Opera, Covent Garden: The Royal Ballet brings in a new triple bill, and shows Makarova in A Month in the Country (Fri, Wed), and in Voluntaries (Thur). Manon is on show (Tue) with Merle Park, and Swan Lake (Sat)

PARIS

Mauricio Kagel: A musical epic about the Devil. Théâtre de Chaillot. Salla Gemier (727 8115)

Puccini's 'Madame Butterfly' conducted by Alain Lombard in a Teatro Communale de Florence production with Raina Kabaivanska/Helene Garetti as Madame Butterfly at the Paris Opera (266 5022)

'Vive Offenbach' conducted by John Burdekin, produced by Robert Dhery at the Opéra Comique (296 0611)

NEW YORK

Metropolitan Opera (Opera House): The sixth week of the centenary season features the first performance this year of Don Giovanni with James Morris in the title role, with Edda Moser as Donna Anna, conducted by Jeffrey Tate, along with La Bohème, La Traviata and La Forza del Destino. Lincoln Center (580 9830)

New York City Opera (New York State Theatre): Tosca, Turandot, Madama Butterfly, Carmen, Candide, and Les Pecheurs de Perles. Lincoln Center (870 5570)

The Student Prince (Light Opera of Manhattan): William Mount Burke's production turns Sigmund Romberg's Heidelberg into a lively background for Prince Karl's tuneful love of Kathie. (Ends Nov 20)

Arts Week

F	S	Su	M	Tu	W	Th
28	29	30	31	1	2	3

BRUSSELS

'La Passion de Gilles': Philip Boesmans's new opera, conductor Pierre Bartolomee with Peter Gottlieb and Carole Farley as Gilles de Rais and Joan of Arc. Théâtre Royale de la Monnaie (Sun)

Exhibitions

LONDON

The National Gallery, Manet at Work: this year falls the centenary of Manet's death, which now, in the knowledge of the great old age achieved by his Impressionist contemporaries, whom he influenced so positively, seems so sadly premature. The great retrospective in Paris this summer clarified the nature and significance of his achievement. Here the National Gallery does not give us anything so comprehensive, but takes eight major works across the range of his career, and by simple scholarly exposition, shows us how he set about his business

The Barbican: Matthew Smith – an illuminating retrospective, long overdue, of the life's work of one of the most truly French of British painters of this century. And yet he remained a most English expressionist, the sharp, bright Fauve colour of his early years modifying in range and tone to darker, quieter effect. Ends late Oct

The Royal Academy: Art of the Avant Garde in Russia 1910-30: a selection amounting to some 300 works from the astonishing collection formed since the War by George Costakis, sometime official in the Canadian Embassy to Moscow. The Russian artists in the years before and after the Revolution were as stimulated by the ideas and events of that time as their fellow-intellectuals and consequently denounced as decadent when Stalin decided they were too dangerously free and should be suppressed. One wonders how many more works are still under lock and key. Ends Nov 13

PARIS

Musée Marmottan, 2 rue Louis-Boilly: an important collection of paintings and drawings by Claude Monet and his friends, including the famous oil "Impression – Sunrise," which gave the name to the whole movement. Closed Mon (224 0702)

Musée de Cluny, 6 Place Paul-Painlève: this museum, built originally by the Abbots of Cluny, now houses medieval works of art, including goldsmiths' work, carved altar pieces, ivories, fabrics, and Limoges enamels. Also a set of the Lady and the Unicorn mille-fleurs tapestries – an allegory of the five senses. Closed Tuesday, and every lunchtime

Cycladic Art from the N. and D. Goulandris Collection – more than 200 remarkable items dating from the third century B.C. are being shown at the Grand Palais before returning – definitely – to Athens. Grand Palais (ends Jan 9 1984). Closed Tue, Wed late closing night 10 pm (261 5410)

Turner (1775–1851) – the exhibition traces the creative development of the artist who, although steeped in the great landscape-painters' tradition of the 18th century, becomes – through his fascination with the effects of light – one of the forerunners of abstract art. Grand Palais (Oct 15–Jan 16). Closed Tue (261 5410)

Liège Modern Art Museum has lent its collection of choice items – one of Monet's first paintings and one of Gauguin's last. Also a surprising, Blue-period Picasso – to the Centre de la Communauté Française de Belgique. (Tel: 271 2616), 11am–6pm, closed Mon, Ends Jan 8

Salon d'Automne: 'From Cezanne to Matisse.' Among works by contemporary artists a homage to the founders of the Salon in 1903 with paintings by Bonnard, Braque, Matisse, Rouault. Grand Palais. All days 10.30am to 6.30pm. Ends Nov 7 (261 5410)

The Land of Baal and Astarte. Ten thousand years of Syria's artistic development. Petit Palais (265 1273). Ends Jan 8, 10am to 5.40pm. Closed Mondays

NEW YORK

Metropolitan Museum of Art: 75 works from the 20th century collection of Baron Thyssen-Bornemisza will include 10 of his latest acquisitions. Featured in the show will be works by Kandinsky, Picasso, Gris, Dali, Bacon, Freud and Rothko. The recent acquisitions are works by Georgia O'Keeffe, Balthus, Mondrian, Picasso and Natalia Gontcharova. Ends Nov 27

Pierpont Morgan Library: Drawings of fourteenth to eighteenth-century Italian masters include a large number of sketches for paintings by Canaletto, Piranesi, Titian and Tintoretto. The drawings show off the draughtsmanship of the painters and the development of their compositions from these preliminary but evocative works. Ends Nov 13

Cantor Sculpture Centre: Set against a spectacular view of New York atop the World Trade Tower, 35 Rodin sculptures are displayed in the enlargements and reductions carried out by Rodin collaborator and reproducer Henri Lebosse. One World Trade Center, 105th storey

Manet (Metropolitan Museum of Art): Almost 200 important paintings marking the 100th anniversary of the artist's death are included in the most comprehensive Manet exhibition for nearly a century. Ends Nov 27

WASHINGTON

National Gallery:Art of Aztec Mexico combines works confiscated during the Spanish conquest of 1521 with the unearthing in 1978 of the Great Temple of Tenochtitlán, capital of the Aztec empire, in central Mexico City. The most comprehensive Aztec art exhibit ever mounted in America reflects the religion that suffused the Aztec culture, with gods performing sacrifices that had to be repeated by man in order to keep the sun moving across the sky and the cosmos working. Ends Jan 8, 1984

Hirshhorn Museum:Direct Carving in Modern Sculpture is a cleverly assembled show from the museum's own collection of works by Brancusi, Gauguin, Hepworth, Moore, and Noguchi, among others, showing the taille direct technique as revived in the late nineteenth century and used even today. Ends Nov 27

CHICAGO

Museum of Contemporary Art:More than 100 works of the provocative, if not outrageous, sculptress Louise Bourgeois comprise the first major retrospective of her work, going back to the 1940s. The sexual and Women's Lib themes of recent times gained the artist a notoriety, here put in perspective. Ends Oct 30.

BRUSSELS

15th Century drawings from Belgian private collections – 100 drawings including Jordaens, Teniers, van Goyen, Tiepolo, Poussin and Fragonard. Société Générale de Banque. Ends Dec 21

WEST GERMANY

Düsseldorf, Tonhalle, 1 Ehrenhof: "New Glass in German" has 280 colourful decorated glasses, vases, bowls and pictures by 59 contemporary artists. Ends November 8

Nuremberg, Kunsthalle, 32 Lorenzer Straße 32: a survey of the contemporary arts scene in East Germany documented by more than 200 works by 13 artists. Ends Nov 15

Berlin, Nationalgalerie, 50 Potsdamer Strasse: 180 figurative and abstract wooden, bronze, wire and rolled-steel sculptures by Pablo Picasso. Ends Nov 27

Hanover, Wilhelm Busch Museum, 1 Georgengarten: The first venue of the roving exhibition with 176 etchings and lithographs by George Cruikshank, the British cartoonist. Ends Jan 8

Essen, Museum Folkwang, 41 Goethestrasse: paintings, drawings, water colours and graphics chiefly from the early periods of Erich Heckel (1883 to 1970), the German expressionist painter. Ends Nov 20

Munich, Lenbachhaus, 33 Luisenstrasse: 'Aktuell '83' offers a view of a sizeable part of today's European arts scene through 165 works (mainly paintings, sculptures, video and films) by 44 artists from Milan, Munich, Vienna and Zurich. Ends Nov 20

ITALY

Milan: At the Chiesa delle Grazie there are 100 pre-Raphaelite and Neogothic paintings for church windows.

Venice: Palazzo Ducale, 7000 years of China exhibition. Ends Dec 31. Museo Correr: Titian's engravings on show. Palazzo delle Prigioni: exhibition of works by Massimo Campigli

Rome: Vatican Palace, exhibition of '200 Years of American Paintings from the Thyssen-Bornemisza Collection'. Ends Nov 10. Palazzo Braschi, exhibition of British water colours from the Victoria and Albert Museum. Ends Oct 30. Galleria d'Ascania, Via del Babuino 29, exhibition of theatrical drawings by Lindsay Kemp. Ends. Nov 5

Venice: Palazzo Ducale, 7000 Years of Chinese Art. Ends Dec 31. Palazzo Grassi, exhibition of paintings by Filippo de Pisis. Ends Nov. 20

Milan: Exhibition of Leonardo's drawings for the Last Supper; the exhibition includes 20 preparatory sketches, which are shown in the same room as the fresco in the Church of Santa Maria delle Grazie. Open till Nov 27, sponsored by Olivetti, who are financing the restoration of the fresco.

Theatre

LONDON

The Tempest (Barbican): Derek Jacobi takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives a performance that is technically accomplished and imaginatively adventurous. An entertaining production. (628 8795)

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

Glengarry Glen Ross (Cottesloe): One of America's best playwrights, David Mamet, has a startling world premiere at the National Theatre in this superb Bill Bryden production of life among real estate salesmen. The language rocks and rolls through idiomatic salespeak with many a glancing reference to post-Nixon break-in paranoia (928 2252)

Maydays (Barbican): New play for the RSC by Nicholas Nickleby adaptor David Edgar about the defection from Left to Right as a process of both politicisation and aging. Panoramic, ambitious text covers the ground nimbly from Hungary in 1956 to the fate of British radicalism in the late 1970s. (628 8795)

The Cherry Orchard (Haymarket): Scenically dull but very well acted production by Lindsay Anderson of Chekhov's masterpiece. Joan Plowright is an edgy, skittish Ranevskaya and Leslie Phillips, an accomplished light comedian, a revelation as her pathetic brother. Wonderful support from Frank Finlay, Bill Fraser, Frank Grimes and Joanna David (930 9832)

Hay Fever (Queen's): Penelope Keith continue her reign as the iron maideo of British showbusiness. Well-dressed and marcel-waved, she plays Judith Bliss in Coward's great comedy, presiding over charades and confusion in a Thames-side country house. (734 1166)

Little Shop of Horrors (Comedy): Tawdry, camp musical based on a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Skid Row flower shop. The 1950s pastiche is a bit wan, but the lyrics sharp. The plant grows from cactus-like vulva to piscatorial, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fenella Fielding only blonde and way over the top (930 2578)

A Moon for the Misbegotten (Mermaid): Frances de la Tour and Ian Bannen are quite superb, especially in the last confessional hour of O'Neill's powerfully banal last play. Last chance to catch one of the year's London highlights (236 5568)

NEW YORK

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaité Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262)

Extremities (West Side Arts, 43rd W. of 9th Av.): The realistic portrayal of sadistic rape, with which the play opens, makes for uncomfortable but rich drama, and author William Mastrosimone manages to maintain high energy levels to challenge an excellent cast. (541 8394)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast in the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

CHICAGO

E. R.(Forum): Moving into its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian nurse. (496 3000)

A Raisin in the Sun(Goodman): season opener celebrates the 25th anniversary of Lorraine Hansberry's play that explores racial conflict when the black Younger family move to a white neighbourhood. Ends Oct 30. (443 3800)

WASHINGTON

The Golden Age (Eisenhower): A. R. Gurney has built a swift reputation on a career of taking a gentle but not uncritical look at the White Anglo-Saxon Protestants who set the tone of American gentility without always subscribing to its precepts themselves. (254 3670)

The Importance of Being Earnest (Arena Stage): with Richard Bauer as Lady Bracknell, Tom Hewitt as Jack Worthing and Marilyn Caskey as Gwendolyn, the Arena Stage gets an exuberant start to a season that will include two contemporary British plays, Simon Gray's Quartermaine's Terms and Caryl Churchill's Cloud 9, as well as Christopher Durang's Beyond Therapy and Chekhov's Three Sisters. Ends Nov 13. 6th & Maine SW (488 3300)

Music

LONDON

Philharmonia Orchestra, conductor Riccardo Muti, Radu Lupu piano: Schumann, Brückner. Royal Festival Hall (Mon) (928 3641)

Andrès Segovia guitar recital. Barbican Hall (Mon) (638 8891)

Royal Philharmonic Orchestra, conductor Yuri Temirkanov, Katia and Marielle Labeque, pianos: Walton, Gershwin, Dvorak. Barbican Hall (Tue) (638 8891)

Jerusalem Symphony Orchestra, Gary Bertini conductor, Ide Händel violin: Ami Mayani, Bruch, Mahler. Royal Festival Hall (Tue) (928 3641)

Aquarius Singers, conducted by Nicholas Cleobury: Enesco, Peter Paul Nash, Tippett, John Buller, Lord Berners. Queen Elizabeth Hall (Tue) (928 3641)

Philharmonia Orchestra, conductor Riccardo Muti, Anne-Sophie Mutter violin: Wagner, Hindemith, Dvorak. Royal Festival Hall (Wed) (928 3641)

London Mozart Players, conductor Jan Pascal Tortelier, Nina Milkina piano: Mozart, Bach, Haydn. Queen Elizabeth Hall (Wed) (928 3641)

Lontano Ensemble: Lutoslawski, Ferneyhough, Webern, Christopher Fox, Ligeti. Purcell Room (Wed) (928 3641)

Zukerman-Karr-Lewis Trio: Bach, Rameau, CPE Bach, Haydn and others. Barbican Hall (Wed) (638 8891)

BBC Symphony Orchestra, conductor Bernard Haitink, György Pauk violin, Paul Crossley piano: Berg, Schubert. Barbican Hall (Thur) (638 8891)

London Symphony Chorus and Orchestra, conductor Richard Hickox, Lambert, Elgar Cello Concerto with soloist Robert Cohen, Walton's Belshazzar's Feast. Royal Festival Hall (Thur) (928 8891)

Wolfgang Manz, piano: Beethoven, Chopin. Queen Elizabeth Hall (Thur) (928 3641)

The London Ragtime Orchestra, Ray Smith piano, Dick Cook clarinet: Scott Joplin to Jelly Roll Morton. Purcell Room (Thur) (928 3641)

PARIS

Placido Domingo recital with Orchestra conducted by Garcia Navarro (Tue) Théâtre des Champs Élysées (723 4777)

Paris Jazz Festival Sun Ra All Stars Big Band (Tue 2.30 pm and 8.30 pm) TMP-Châtelet (233 4444)

Aldo Ciccolini recital: Chopin, Liszt (Wed) Théâtre des Champs Élysées (723 4777)

String Sextuor of the Orchestre National de France: Schönberg, Strauss. Paris String Trio: Juan Guinjoan, Beethoven (Wed) Gaveau (563 2030)

Nouvel Orchestre Philharmonique conducted by Friedemann Layer, Radio France Choir: Handel's 'Alcina' (Wed) Radio France Grand Auditorium (524 1516)

Orchestre de Paris conducted by Luciano Berio, Bruno Canino, piano, Antonio Ballista, piano: Berio, Gabrielli/Maderna, Frescobaldi/Ghedini (Thur) Salle Pleyel (563 8873)

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Aurora Natola-Ginastera cello, Kathleen Battle soprano. Bach, Ginastera, Webern, Mozart (Tue): Zubin Mehta conducting, Rudolf Buchbinder piano. Webern, Beethoven, Strauss (Thur). Lincoln Center (874 2424)

Philadelphia Orchestra (Carnegie Hall): Klaus Tennstedt conducting. All Brückner programme (Tue) (247 7459)

Benny Kim, violin recital (Kaufmann Hall). Bartok, Beethoven, Ravel, Kreisler, Sarasate (Tue). 92nd & Lexington Av. (427 4410)

WASHINGTON

National Symphony (Concert Hall): Mstislav Rostropovich conducting, Andre-Michel Schub piano. Kalomiris, Mozart, Lully, Debussy (Tue, Wed, Thur) Kennedy Center (254 3776)

CHICAGO

San Francisco Symphony (Orchestra Hall) Edo de Waart conducting, Heinz Hollinger oboe. Mozart, Sessions, Rachmaninoff (Tue). (435 8111)

Chicago Symphony (Orchestra Hall): Rafael Kubelik conducting. Handel, Britten, Ravel, Roussel (Thur) (435 8111)

BRUSSELS

National Opera Symphony Orchestra conducted by Sylvain Cambreling with Martina Arroyo, soprano: Beethoveo, Zemlinsky. Palais des Beaux Arts (Sat)

ZURICH

Janacek Philharmonic Orchestra/ Prague Philharmonic Choir with Natalia Romanova and Pavel Kamas, soloists: Brahms's Requiem Tonhalle (Mon) (471 600)

Tonhalle Orchestra, conductor Myung Whun Chung, Christoph Schiller viola: Mozart, Bartok, Rimsky-Korsakov. Tonhalle (Wed) (201 1580)

Elisabeth Leonskaja piano: Schumann, Schubert, Mussorgsky. Tonhalle (Thur) (201 1580)

Cinema/Nigel Andrews

The magic of motionless pictures

The Colour of Pomegranates, directed by Sergo Paradjanov
Tokyo Story, directed by Yasujiro Ozu
Little Ida, directed by Laila Mikkelsen
Spetters, directed by Paul Verhoeven

When is a movie not a movie? "When it doesn't move," many people will answer — with every appearance of sound reason. Yet Sergei Paradjanov's *The Colour of Pomegranates* and Yasujiro Ozu's *Tokyo Story* are two post-war masterpieces, revived this week, in which the camera only moves twice in 210 minutes of combined running time. (Both times in the Ozu film.)

In *Pomegranates* semi-frozen iconic tableaux process glitteringly before us for 73 minutes, limning the life of the 18th century Armenian poet-composer-mystic Sayat Nova. In *Tokyo Story* the members of a politely loggerheaded Japanese family natter soulfully or acerbically away for 2¼ hours (with some breaks for fresh air and changes of scene) amid the gleaming geometry of Oriental interior decor.

Yet these are no less truly "movies" than any Clint Eastwood romp or James Bond extravaganza — where you will devour whole continents at a single bound and experience all the fleet and frivolous excitement of a cinematic roller-coaster.

In *The Colour of Pomegranates* the beauty and dynamism are all in the design and the juxtaposition of wildly strange images. Against gleaming-white virginal walls — a house, a church, a spacious room, a street — Paradjanov sets his splashes of colour and his flurries of stylised movement. There's no "story," but a series of biographical-symbolic chapters ("The Poet's Childhood," "The Poet Becomes a Monk," "The Poet's Dream" etc) filled with hieratic still-camera sequences of dazzling beauty and bizarreness.

A rooftop paved with open books fluttering and crackling in the breeze. A man holding a peacock, its beak clenched between his teeth. The roar of dye dripping on to metal pans followed by the thud of massy tangles of wool — pink, blue, scarlet. Christ's painted face falling with a cry from a church mosaic. Sheep flooding a chapel. A fish thrashing on the ground in surreal trinity with two fish-shaped loaves of unleavened bread.

As these startling images and ideograms flick by before you, don't be daunted by fears of obscurity. Much of the film is built round allusions to Armenian culture and history; but though pomegranates and peacocks, Princes and prayer-rugs may perplex you, many of Paradjanov's symbols are culled fresh and recognisable from Christianity. For Sayat Nova (the poet's pen name, meaning "King of Song") celebrated the Christian church in Armenia as a heroic warrior against foreign rule, and the poet himself died at the hands of Persian invaders on the cathedral steps, refusing to renounce his faith.

Scenes from "Tokyo Story" (left) and "Spetters"

The film's magic is in the weightless wonder and inventiveness of the imagery; far more hypnotically "cinematic" in its defiance of logic, gravity and narrative literalism than any assembly-line action film running on the thunderous rails of storytelling cause and effect. And for the Russian authorities, obviously, far more threateningly subversive. Paradjanov hasn't been allowed to make another film since this 1969 masterwork, which itself was edited and shortened at Soviet command by a fellow film-maker, Sergei Yutkevitch. (The original full-length version is still unobtainable.) Only now, after numerous arrests and harassments and a five-year period in a labour camp (for alleged homosexuality), is Paradjanov rumoured to be working on another movie.

*

Tokyo Story, made in 1953, is another miracle of the unmoving camera, winging in from the East. Writer-director Ozu escorts two sere and gentle-natured oldies, Mr and Mrs Hirayama (Chishu Ryu and Chiyeko Higashiyama) from their far-flung provincial town to the big-city bustle of Tokyo; for their first visit there and a reunion with their son and daughter, both married. As the visitors' delight slowly turns to disenchantment, Ozu's fabulous visual geometry in black-and-white makes the family tiffs and clurkings, tensions and hypocrisies, unfold like a Pinter play trapped inside a series of Mondrian paintings.

The son is a cold-fish middle-aged doctor living in a dingy suburb (well below the station of his own ambitions). The daughter is a dowdy, fractious beautician, also snagged in the suburbs. The only ungrudging welcome the oldsters receive is from the young widow of their other son, killed in the war. She (Setsuko Hara) wears a smile like a 24-hour sunrise, whirls them through the statutory bus tour of Tokyo ("Look, isn't Tokyo big?" "Yes, it's very big") and happily houses Ma for the night after she and Pa have been thrown out—though not in so many words—by son and daughter. (Pa goes on an all-night binge with an old business friend).

This is *King Lear* with kimonos. But every time Ozu's film unreels before one, the astonishment of it lies in its radiant simplicity—which is of course no simplicity at all. Ozu seems to plant the camera, stand back and leave it purring away like an unblinking, blissful cat; as it eyes the baleful glances, the tell-tale movements and nervous-displacement gestures (with a teapot or a biscuit tin) and the absurd exchanges, now banal, now beatific, conciliatory, now crabby. ("Crackers are good enough for them," squawks the daughter to the son; "Why buy them expensive cakes?")

Every visual composition is a wonderful conspiracy of magic and mischief. Magic because Ozu conjures out of cluttered domestic interiors all the oblique beauty of a Cubist still life: from wine bottles inflecting slender curves in the foreground to a perfect harmony of overlapping verticals and horizontals in the background. Mischief because the "message" of *Tokyo Story* is that we live with lies even when we genially know them to be lies. What we're comforted by is our tacit knowledge of the truth as well, that love grows wild and not in domestic house-plant pots, that non-relatives can care for us more than our own kith and kin. As the old Occidental proverb says, doubtless with Ozu's full approval: "God gave us our relations, thank God we can choose our friends."

*

Little Ida is a little minnow of a movie from Norway swimming into Britain the same week as Moby Ozu and Great White Paradjanov. Directed by Laila Mikkelsen and written by Marit Paulsen, it pins up on screen the bright-eyed, blonde-tressed mug of Sunniva Lindekleiv. She plays "Little Ida," frolicking innocently about a Norwegian coastal town in 1944-45, while her buxomly beauteous mother (Lise Fjeldstad) collaborates with the occupying Nazis by both day and night: job by day, love affair with a handsome officer by night.

Shot in deep-freeze whites and blues and full of wide-eyed, would-be pregnant silences, the film never quite hacks its way through a thick glacier of child's eye-view fictional stereotype. It's like *What Maisie Knew* in cold climate, without the wit, and without much pathos either. Even the tragic justice of the mother's final fate—head shaven and person arrested at war's end—leaves both audience and (seemingly) daughter unmoved. In film portraits of wounded or bewildered childhood it takes only a tiny failure of dramatic imagination to turn what should be the stare of poignant stoicism into the stare of vacant affectlessness.

*

Paul Verhoeven's *Spetters* is a dubbed Dutch tale of mad young moto-coss enthusiasts: hell raising youths who subject the countryside to churning tyres by day and the city (Rotterdam) to churning hedonism by night. "All human life is here" as they say; but precious little cinematic art.

City of Birmingham Symphony Orchestra/Barbican Hall

Andrew Clements

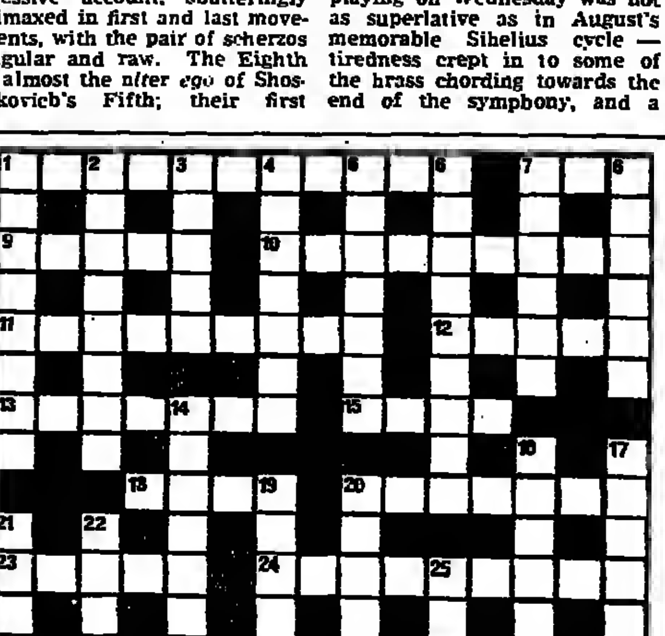
Memories of Bernard Haitink's searing performance of Shostakovich's eighth symphony with the Concertgebouw at the Proms are still so vivid that any British orchestra presenting it so soon afterwards in London sets itself a harsh standard. Yet Shostakovich 8 was the main work in Wednesday's Barbican concert by the City of Birmingham Symphony Orchestra, which marked its debut in the hall.

Yet the CBSO's achievements in London during the summer under Simon Rattle should have encouraged it to difficult challenges. This time the conductor was Maxim Shostakovich, whose approach to his father's score was more excitable than Haitink's grim implacability, and lacking too the latter's savage edge. It was still an enormously challenging and impressive account, shatteringly climaxed in first and last movements, with the pair of scherzos angular and raw. The Eighth is almost the *alter ego* of Shostakovich's Fifth; their first movements are obvious siblings. But where its predecessor holds grief in check, the Eighth is angry almost beyond the point of articulacy, and this quality in the music Maxim Shostakovich caught well.

The Birmingham orchestra on current form is the most consistently fine in the land. Its playing on Wednesday was not as superlative as in August's memorable Sibelius cycle — tiredness crept in to some of the brass chording towards the end of the symphony, and a cello entry in the finale was hazily tuned for a few bars — but the strings had the same depth and refinement, the woodwind vivid definition, the brass firm power. Three days after the LSO's display on the South Bank it was a welcome restorative.

As aperitif, John Lill rattled off Prokofiev's first piano concerto with accuracy and rhythmic verve. Too serious perhaps in the finale, though the wildly extravagant candenza was a brilliant moment.

F.T. CROSSWORD PUZZLE No. 5,254



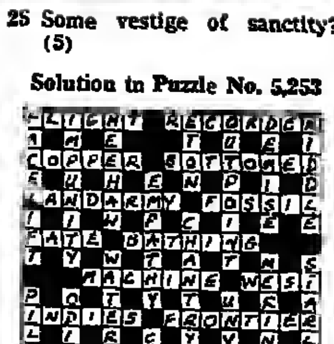
ACROSS

1 Contest the capitalistic thesis (11)
7 Sauce for the edge of a plate, perhaps (3)
9 A man's man (5)
10 Abandon the rules when bowling? (5, 4)
11 Famous conductor of opera is back at home twice (9)
12 Excited Celt describing a conspicuous success (5)
13 Is exceptionally kind to a taxpayer? (7)
15 Bound to leave something out (4)
18 A woebegone expression (4)
20 Possibly hear out U.S. writer (7)
23 Positional defence (5)
24 It sounds a beastly form of warfare (9)
26 Elaborate metalwork to stop a bit of play (9)
27 Not bound to relax (5)
28 I am in the way, so removed (3)
29 A charge made upon income? (8, 3)

DOWN

1 Openings for a number in big towns (8)
2 He should be arrested lest more trouble is caused (5)
3 Tear out about ten more (5)
4 Formally dressed Italians lacking a change (2, 5)
5 Is run out after batting had collapsed (2, 5)
6 About ten we come in upset and in a state (3, 6)
7 Winning smash volley (6)
8 He stole away from the shore (6)
14 Just the thing if you want to hit the hay (9)
16 Says something quickly and staggers away (5, 3)
17 Swirling danseuse from Khartoum, perhaps (8)
19 Division has key-men put outside (7)
20 She turns Eastern hearts (7)
21 Means to get up and run? (6)
22 Having the edge? (6)
25 Some vestige of sanctity? (5)

Solution to Puzzle No. 5,253



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Friday October 28 1983

Time shortens for Marcos

TOUGH AND inevitably protracted discussions involving the Philippines' commercial bank creditors and the International Monetary Fund are now taking place in Manila in a bid to devise an effective economic programme which will help restore investor confidence. The need is great, for events have moved fast since the assassination on August 21 of the popular opposition leader Benigno Aquino.

Widespread anger over the killing, and growing suspicion at possible Government involvement, have fuelled mass demonstrations which spread to the Manila business community. President Ferdinand Marcos's battle to contain the discontent failed to prevent President Ronald Reagan delivering an embarrassing blow by calling off his visit to Manila scheduled for next month. A flight of capital forced the Government to ask for a three-month moratorium on debt principal repayments in an effort to limit a balance of payments deficit which has already resulted in two painful devaluations of the peso. A rescheduling now seems certain.

Transition

Concern is intensifying over whether President Marcos can last. He is said not to be well, and his touch has certainly deserted him on several occasions, notably in the confusion that followed the slaying of Mr Aquino. However, the legal opposition lacks cohesion and an alternative programme. Most underground resistance is a long way from being a genuine threat. This merely serves to emphasise the need for President Marcos to lay the ground for a smooth transition once he passes from the scene.

It is to his discredit that he has failed to do so before now. But like many other Third World leaders, he has sought to secure his survival in exactly this way, refusing to create vibrant political institutions with wide support, and allowing those closest to him to jostle for influence in shifting alliances as well as to benefit materially from their position. As a result, speculation is endless over the succession, which creates a corrosive uncertainty. The strongest power in the background is the army, with the threat of military intervention when change finally comes.

Reforms announced recently in the way elections are held in the Philippines could help encourage the moderate opposition to participate in next year's polls, although it must also overcome its own awkward and debilitating differences. Likewise, the appointment of a new investigatory commission into the Aquino killing, provided it produces a firm conclusion, may assist in clearing the air. But President Marcos has inspired deep distrust among the middle classes. Even the support he retains among peasants and urban workers may desert him if the faltering economy fails to deliver the goods.

Indeed, the economy could still be President Marcos's undoing. He found it difficult enough earlier this year to resort to the IMF's stiff medicine in order to put the economy to rights. Spending cuts, an end to subsidies and devaluation all threatened to erode his public support, especially in a country like the Philippines where, in politics, money talks loudest. Now it seems even bigger doses of medicine are necessary, no doubt posing still more problems. The President will need to rely heavily on the counsel of his Prime Minister Cesar Virata and Central Bank Governor Jaime Laya who are both highly regarded in the international financial community.

Encouragement

For President Marcos, therefore, time is running short. It seems clear that the Philippines needs a new political framework in which competing interests can exercise their influence peacefully and so ensure economic growth and long-term stability. To the extent that President Marcos is now beginning to aim for this—and as long as no one is in sight to take his place—he deserves further support and encouragement. But it is a course of action he has long avoided, and there is a long way to go down the democratic road. If one day soon he can take some credit for pushing the country down that path, it will serve to counter his current image of bearing much responsibility for his country's plight.

Police powers in Britain

TO ATTEMPT codification of anything at a moment of flux is difficult. So it is not surprising, nor even undesirable, that it should be taking so long for the Government to complete the first attempt to codify the powers of the British police.

The Police and Criminal Evidence Bill, which embodies that attempt, fell in mutilated condition with the general election. A revised version was published yesterday, along with a pair of white papers. One proposes separating the prosecution system from the police. The second modestly strengthens lay participation in the investigation of complaints against the police.

Deprivation

A great deal has changed since Mr Merlyn Rees, as Home Secretary, set out in 1978 on the long road towards codification by setting up a Royal Commission on Criminal Procedure.

At the time, concern about police handling of investigations was a specialised, almost academic affair. But growing inner city deprivation and widespread evidence that the younger, black, residents of those inner cities were being mishandled by an increasingly remote and confused police force, ensured that the debate would become political. The 1981 riots completed that process.

The political polarisation over policing matters which followed the riots and which so disturbed the progress of Lord Whitelaw's first Police Bill is, in its wilder excesses, to be deplored. But it has also been a necessary process of examining the relationships between police and society. As Sir Kenneth Newman, the Commissioner of the Metropolitan Police, frequently points out, the essence of fighting crime is confidence between the police and the public.

The immediate question is whether Mr Leon Brittan's new police bill will foster the necessary degree of confidence.

All the changes made in the new bill and proposed in the White Papers are steps in the right direction. The definition of "serious arrestable offence," which is the trigger for many of the powers in the bill, has at the third attempt been satisfactorily worked out.

Tape recording of interviews between police and suspects is clearly desirable and the lack of a statutory commitment to implement it was a foolish weakness in the old bill.

The principle of an independent prosecution service, such as exists in Scotland, is also correct, although there is room (and time) for debate about the details.

Perhaps most important of all for the question of public confidence is the new Police Complaints Authority which will, for the first time, produce an element of non-police supervision of public complaints against the police.

Given its acceptance that lay people have a role in this process, which chief police officers have always insisted must remain exclusively within their own disciplinary remit, it seems slightly odd that the Government is still refusing to permit lay members to participate in investigations. That too is a matter for further debate.

The parts of the bill which attracted most criticism during the spring — the right of the police to search for evidence and the limits on the time during which suspects can be detained without charge—were heavily amended in the last Parliament and are now broadly acceptable. Even here, though, there is still legitimate room for argument as to whether anyone should be held for as long as 96 hours in a police station without being charged.

Selective

These and other matters will benefit from a further period of detailed scrutiny in committee. The Opposition, which in advance of a general election took the view that the Police Bill should be thrown out lock stock and barrel, should now pursue a more selective course.

The laws which govern Britain's policemen do need tidying up and defining, but there is no need to rush. We have got by for over a century without detailed statute law on police powers; a few more months cannot do any harm.

ARGENTINA'S ELECTIONS

Ghosts haunt the crossroads

By Jimmy Burns in Buenos Aires

Top: the ghost of Juan Peron still haunts Argentina. The campaign poster shows him flanked by his first wife Evita (left) and third, Isabelita. Bottom left: Raul Alfonsin, the Radicals' presidential candidate. Right: Italo Luder, the Peronist candidate.

ARGENTINES ARE approaching the end of seven years of military rule with feelings ranging from euphoria to high anxiety. As they prepare to vote on Sunday for a new civilian Government they are bounded only by a common sense of being at a crossroads in their history.

The poll could be the first step on the way to establishing more secure democratic institutions in a country which has a long history of military intervention in politics. But the fear is that it could equally lead to a spiral of violence and economic chaos, prompting yet another coup.

These two extremes have been reflected in the atmosphere of the election campaign. On the one hand, there have been huge and enthusiastic political rallies. On the other, the newspapers have carried daily rumours of impeding disaster: allegations of assassination plots and disruptive activities by *agents provocateurs*.

The outcome of the poll will have repercussions far beyond Argentina's borders. The country is one of the world's biggest debtors, with outstanding foreign borrowings of over \$39bn. The country's two leading political parties—the Peronista and the Radicals—have both said they will honour the debts but will try to secure easier terms. The international financial community will be watching nervously the actions of the new Government.

So too will other Latin American military governments which are under pressure from civilian oppositions to return to barracks—particularly in Brazil, Chile and Uruguay.

The complexion of the new Government will also have a vital bearing on the Anglo-Argentine dispute over the Falklands. Both the Peronists and the Radicals have made the return of the islands to Argentina foreign policy priorities.

Above all, perhaps the election provides the opportunity for Argentina to overcome the political instability which time and time again has prevented it fulfilling its natural economic potential. The country has a highly cultured population, no racial problems and is rich in natural resources.

The election is shaping up as a two-horse race

Although 13 national parties and some three dozen provincial ones are contesting the election, it is shaping up as a two-horse race — possibly quite a close one—between the country's two traditional big parties.

The Peronists, ideologically heterogeneous and with essentially working class support, are united only by their collective reverence of the late Argentine strongman, Gen Juan Peron, whose ghost has haunted the election campaign.

The Radicals, led by Sr Raul Alfonsin, have their power base in the large Argentine middle class and have a style and programme similar to the social democratic parties of Western Europe.

It is the Radicals who have made into a key election issue the reform of the third great political force in Argentine society: the military.

Of the 16 Governments that have ruled Argentina in the last half-century, nine have been military. Only one of the seven civilian Governments has managed to complete a full term without being ousted in a coup — the administration led by Gen Peron between 1946 and 1952.

Peron, who was overthrown by the military in 1955, returned from exile in Spain in 1973 to lead a democratically-elected Government. But he died the following year and a period of increasingly chaotic rule ensued under his third wife, Isabelita.

In 1976, the military stepped in again — amidst chronic economic difficulties and bitter fighting between left and right-wing guerrillas — promising to restore political health and stamp out corruption.

The armed forces did not intend to hold democratic elections until 1987 at the earliest, but they were forced to accelerate the timetable after the Falklands war, which destroyed their prestige, left them politically unsure where to turn next and led to an explosion of civilian anger.

Of the various parties contesting the election, it is the Radicals who seem to offer the country the prospect of real change.

Their presidential candidate is a rare species in Argentine political life: Sr Alfonsin combines charisma with a firm commitment to parliamentarianism and the supremacy of ideas over brute force.

A lawyer and human rights activist, Sr Alfonsin threw himself into public politics last year even before the military had confirmed there were going to be elections. While many of the country's politicians kept to cautious, behind-the-scenes lobbying, Sr Alfonsin took to the streets.

His handsome if somewhat portly features, his eloquent delivery and the sheer energy of his campaign, have tempted supporters and detractors alike to describe him as a potential new Caudillo (strongman).

Sr Alfonsin blames the militarisation of Argentine society for the country's deterioration into an almost permanent state of financial and political chaos.

The Radicals argue that the military must be cut down to size to sever Argentina's links with its dictatorial past and to replace these with a democratic system that can solve the country's social and economic problems.

The party says the dramatic growth of Argentina's foreign debt over the last seven years is largely due to the armed forces' intrusion into all aspects of the economy and the basic unaccountability of military governments.

Officers who have sat on the boards of banks, headed key state utilities, and bought up large tracts of real estate, are being blamed by the Radicals for waste, corruption and the misuse of foreign borrowings.

The military, it is claimed, has enriched itself through an estimated \$10bn of secret arms purchases and fat commission fees on these deals.

Certainly, Argentina has little in the way of productive investment to show for its international borrowings. GDP has fallen by 1 per cent over the last six years compared to an average annual rise of 4.5 per cent between 1964 and 1974; large parts of industry are running at only 50 per cent of capacity, unemployment is at a record rate of nearly 20 per cent, and inflation is at a record high of more than 500 per cent.

First-time voters least attracted by Peronist mystique

Closely linked to the question of how to deal with the military is the issue of the outgoing Government's human rights record.

Over the last seven years the armed forces' intelligence sections have been allowed to develop into a state within a state. Over 5,000 "agents" have been forged into a secretive force to watch and control political "suspects" and to ensure a smooth flow of official propaganda through the manipulation of the media.

During the military's drive against left-wing guerrillas following the 1976 coup, these agents kidnapped and tortured thousands who have disappeared without trace. Many are believed to have been summarily executed.

The Radicals propose severely to trim the power of the security forces and put an end to their virtual autonomy of action. They have also pledged their full support for civilian judges who are tying to trace the "disappeared ones" and want to bring to trial officers on charges of human rights violations.

Many Argentines believe that those guilty of human rights violations must be brought to justice as a deterrent to show that such atrocities cannot be perpetuated with impunity.

Peronist policies towards both military reform and human rights have remained distinctly woolly. Many members of the party have strong links with senior army officers and some have been involved in the military's political repression: Triple-A was a right-wing terrorist squad formed in the early 1970s by individual officers and members of the Peronist Party. Its purpose was to assassinate left-wing guerrillas and sympathisers and it was eventually incorporated into the security forces.

The Peronists have conducted their election campaign in a time warp. At most rallies the main actors have been Juan Peron himself and his wife Evita, who died of cancer in 1952.

The Peronists have turned a blind eye to the economic chaos which plagued their 1973-76 government. Instead, their campaign propaganda has concentrated on a more distant and golden nest: Peron's first post-war government, when Argentina experienced an unprecedented redistribution of income.

The emphasis has been on Peron's economic skills and love for the "churchless ones" rather than the exceptionally propitious post-war economic circumstances: a high level of reserves built up with war time credits and high international prices for Argentine beef and grain, facilitating industrial growth and generous salary increases.

The Peronist mystique undoubtedly continues to command the loyalties of large sectors of Argentina's lower income workers. But it has failed to make any significant headway among the country's 5m first-time voters, who only remember Peron as a tired old man who returned from exile but was unable to prevent his country from plunging into armed conflict between left and right.

The party has also alienated a large part of Argentina's middle-class, who are looking to their politicians for firm assurances of future stability rather than for surrealistic projections of past glory.

The Peronist image has not been helped by continued internal feuding.

The party's presidential candidate is Sr Italo Luder, a former leader of the Senate who took over as president for six weeks in 1975 when Isabelita Peron was ill. He was elected as a compromise presidential candidate last month after a stormy party convention.

On the campaign trail, Sr Luder has proved a lack-lustre candidate, overshadowed by the forceful personality of Sr Herminio Iglesias, the Peronist candidate for the key political post of Governor of Buenos Aires. Sr Iglesias's rough political tactics have made him a dangerous maverick in the eyes of the party's intellectuals and those on the left.

But in the shanty towns, and many of the industrial suburbs surrounding Buenos Aires, Sr Iglesias is held up as "a man of the people," the protector and interpreter of the "forgotten ones," the reincarnation of Peron. Sr Iglesias has publicly referred to Sr Luder as a "powdered woman who doesn't know how to embrace the ordinary man."

Both main parties are convinced they will win

Opponents of the party are particularly dismayed at the prospect of Sr Iglesias being given the keys to the political, administrative, and financial centre of the country.

Political observers here fear that if Sr Luder becomes president he may simply not have the personality, nor sufficient grass roots support to command wide respect within his movement. The pessimists fear that within weeks of the election Right- and Left-wing groups could be fighting it out again in the streets, setting off the spiral of violence that could lead to another coup.

At the same time, however, many Argentines say that — whatever their respect for Sr Alfonsin's campaign — they believe that his election to the presidency could be fraught with pitfalls.

Even if the Radicals keep only half of their electoral promises — and Sr Alfonsin has the reputation of a man who keeps his word — the party would threaten deeply entrenched interest groups.

Sr Alfonsin's audacious plans for military reform and for changes in the Peronist-controlled union structure, the General Confederation of Labour, runs the risk of setting sabres rattling and union leaders threatening strike action.

In these circumstances, the country could prove even less manageable than if the Peronists and the military continued with their tacit political pact.

Both the Peronists and the Radicals are convinced that they are going to triumph on Sunday, and the opinion polls give no clear guide to the winner. But the feeling here is that the poll will be a much closer run thing than the last elections, in 1973, when the Peronists were swept to power with a commanding majority.

Men & Matters

Stirring Times

To the Jubilee Room of the House of Commons yesterday for the media event of the year—the launching of "Good Times, Bad Times," Harold Evans's account of his stormy year as editor of Rupert Murdoch's Times.

Admission by invitation only . . . and the first review copies belatedly distributed inside lest any writs intrude. Lord Denning sent a message of support . . . and the chief parliamentary reporter of The Times discreetly took a verbatim note.

Anonymous observers were almost overwhelmed by the throng of high-profile personalities from the trade. Editors Alan Coren of Punch and Alexander Chancellor of the Spectator; Labour's deputy leader, Roy Hattersley; former Labour MPs Philip Whitehead and Chris Price; and, of course, Anna Ford, television celebrity and litigant.

Evans's old supporters at The Times (now largely ex themselves) were well represented—and some Murdoch-type accents were also in evidence. One reporter announced he was from News International—"an organisation of which Mr Evans might have heard." The author nodded, without enthusiasm.

Evans said he had not yet heard from Murdoch himself, or his lawyers, though he claimed there had been pressures behind the scenes to stop publication.

A veteran of many legal battles, he was prepared to be sued, though he was not inviting writs, he said. He may have to face them in view of his allegations about the illegal transfer of The Times titles and interference with editorial independence.

Broker's brass

Southern counties viewers of the independent TVS station will be regaled for the next month with a dignified little advertisement showing a craftsman's hands carving away at a brass plate.

The result of his labour emerges as the logo of London Stock Exchange brokers Capel-Cure Myers.

David Poole and Fred Carr of that firm have dreamed up the campaign with advertising agents Hutton Group to become the first London brokers ever to turn to the TV audience for new clients.

The campaign will cost £130,000—a handsome outlay to show the world their brass plate.

But C-CM point out they are unusual in the broking business in that more than half their profits and their revenue comes from private clients. Their TVS ads will go out to 6.5m people to the east and south of London between Essex and Dorset. And that audience contains Britain's strongest concentration of "A" and "B" rated socio-economic groups.

The Stock Exchange authorities have seen and approved the ad—"We thought it would be prudent to show it," says Poole.

Stamped upon

The latest Portuguese wheeze for raising extra revenue has been causing chaos at that country's international airports this week.

A departure stamp which costs 1,000 escudos (£5.50) was discreetly introduced on Wednesday. So discreet, in fact, was the new impost that hardly any foreign tourists had heard about it before they were asked to cough up.

A frantic American couple who had not been aware of the new tax had spent their last escudos before checking in—on the principle it is not a currency much in demand back home in Indiana.

While they were explaining their inability to pay for the departure stamps their cheap flight took off—leaving them behind with 2,000 escudos owing the Portuguese Government, and a much bigger bill for full-fare flights.

On board

Korchnoi, Kasparov, Smyslov and Ribli may not be a familiar quartet to many Brits—but that could soon change.

For the first time, the UK has won the right to stage the final rounds of the World Chess Championships; and they are the contenders who will be arriving in London next month to compete for the right to challenge world champion Anatoly Karpov.

The key match will be between Korchnoi and Kasparov. Korchnoi, who defected from the Soviet Union in 1976, has lost two matches against the champion and is eager for revenge.

Kasparov, a Soviet citizen born Weinstein, is the 19-year-old wonderboy of chess and hot favourite to become the youngest-ever world champion.

The Korchnoi-Kasparov match was due to take place in Pasadena, California in July, but the Soviet Union said "nyet" to playing in Ronald Reagan's home state.

Bids to re-stage the match came from all over Europe. The Bosnian Chess Federation in Yugoslavia looked like winning. But it could not agree on how to split the \$200,000 prize fund it had raised and the UK bid, made only hours before Tuesday's deadline, was accepted.

The recently floated Acorn Computer is putting up a prize fund of SwFr 130,000, plus a SwFr 40,000 donation and another SwFr 30,000 from the "gate," to the World Chess Federation.

It only remains now to find a suitable arena in which to stage the contest.

Who's profits

Chicago attorney Norman Rubenstein is a fan of the BBC's hero Dr Who. And there are lots like him in the Windy City, he says, who know very word of every episode.

"Chicago," he says, "is the Dr Who capital of America."

Which is why Rubenstein, who sees the commercial possibilities, is running a Dr Who convention there next month to celebrate the 20th anniversary of the arrival on this planet, and in this time zone, of the space ship Tardis.

Some 80 TV stations in the U.S. are to feature a 90-minute BBC special which will star the four surviving doctors—played by Patrick Troughton, Jon Pertwee, Tom Baker, and Peter Davison—together with a look-alike for the late William Hartnell.

The BBC is generously sending to Chicago the doctors and a Dalek to keep them in order.

There will be question-and-answer sessions, wall-to-wall video presentations of the doctor's adventures, and sales of Dr Who artifacts.

Rubenstein's company, called Spirit of Light Enterprises, has teeshirts and jewellery, and some bumper stickers with such legends as "Who is Here" and "Travel by Tardis." Earlier this year Rubenstein bought Tom Baker's Dr Who coat for £800 while on a visit to England.

BBC Enterprises has done well out of the doctor over the years. The series has been sold to 54 countries and has a worldwide audience approaching 100m.

Nothing extravagant is planned in London to mark the anniversary. But the BBC is selling some Dr Who monsters and costumes at Sotheby's Saltney saleroom, Chester.

Observer

POLITICS TODAY

End of the special relationship

By Malcolm Rutherford

IT WAS Sir Geoffrey Howe's voica that gave it away. "Can the Foreign Secretary assure us," Mr Denis Healey asked in the House of Commons on Monday, "that there is no question of American military intervention in the island?"

There was just that very slight quiver in the tone as Sir Geoffrey replied: "I know of no such intention." In other words, there was no categorical denial. The British Foreign Secretary, being a rational and bonest man, merely thought that an American military intervention in Grenada was unlikely. And be went on to give some of tha reasons why.

"It must be remembered," he said, "that Prime Minister Bishop, who lost his life in the recent coup d'etat, was a close friend and associate of Dr Castro, that there were several hundred Cuban advisers on the island already, and that the Cuban Government has lamented the death of Prime Minister Bishop and deplored the recent events. It is difficult to conclude . . . that in that respect the matter has changed significantly."

No doubt there were additional reasons in his mind. The British Government had advised against it. Other Caribbean Governments were against it, too. It was almost nnthinkable—certainly unprecedented—for the U.S. to intervene militarily in a Commonwealth state against the express wishes of HMG. What would such action do to the special Anglo-American relationship?

Yet the unthinkable happened. What are the consequences?

It should be said at the start that a great deal depends on how smoothly the intervention works. If the Americans can get out quickly, having laid the ground for democratic elections in Grenada, the whole exercise could become a footnote: an example of how the temporary use of force can be occasionally justified by success.

If they were to become bogged down, or if the Grenadans showed they did not want a western-style democratic government, it would be a quite different matter.

Let us assume, however, that the Americans have more or less pulled it off: that they can withdraw their forces and there will be elections. The consequences will still be considerable.

Rather like the Parkinson affair earlier this month, the invasion of Grenada has been characterised by the fact that there was no simpla division of opinion. There was no clear view of what was right and what was wrong in the circumstances. That was the British Government's saving grace, certainly among the ranks of its own supporters.

True, the Government was bumiliated by having its views over-ruled in Washington. But there were some Tories—Mr Julian Amery, for example—who thought the British should have gone into Grenada themselves, or at least accompanied the Americans and/or a Commonwealth force. Unlike Snez, be said, the Americans were right and Britain was wrong.

The Government's own approach quickly became confined to one of damage limitation. It is hard to see how it could have been otherwise, even if Labour had been in office and the Foreign Secretary had been Mr Healey. For Grenada, by itself, is a pretty small matter. It would be absurd to risk further impairing Anglo-American relations merely because of a disagreement over an island in the Caribbean.

The idea of Sir Geoffrey standing up at the despatch box and denouncing the U.S. was never on, especially as some Tories sympathised with the American action. Reassessment of relations with Washington is for the longer term.

It was an appreciation of the difficulties of Sir Geoffrey's position by some other Tories that came to the Government's rescue. They were, notably, Sir Peter Blaker and Mr Norman St John-Stevas, both of them former ministers. What they said, in effect, was that probably the British advice had been right and that the American intervention had been wrong, but that the more important matter was to preserve the Anglo-American alliance. Sir Geoffrey had been implying the same thing himself throughout the week.

The Labour Party's approach was never convincing, except as a Parliamentary performance. Mr Healey was at his destructive best and, incidentally, com-

Springs

Sir Geoffrey Howe; a quiver in the voice

pletely overshadowed the arrival of Mr Neil Kinnock as the new Party leader. For the umpteenth time, one regretted that he had not got to the top himself. Not once, however, did he face the real question of what the British Government, as distinct from the British opposition, was supposed to do.

For the opposition, it was easy. Attack the Government for bad communications, general incompetence, lack of influence in Washington and absence of reward for kow-towing to an American President who ultimately ignores your advice. But that is not an answer.

What Mr Healey and most of the House of Commons failed to realise is that, in this instance, Mrs Thatcher and Sir Geoffrey had become doves. They had recognised the limits not only of British power, but of British influence.

To be over-ruled by your own best friend, in an area which yon are supposed to know most about, must be a pretty stunning experience. Yet they accepted reality.

It ought to be a turning point in the history of British postwar foreign policy, as Suez turned out not to be. For, in the end, all that happened after Suez was a successful attempt to restore Anglo-American relations, almost as though they had never been breached. The special relationship came back and indeed seemed to be much in evidence between Mrs Thatcher and President Reagan, though perhaps it was more ideological than strategic. When it came to a test, as on Grenada, there was no "playing Athens to America's Rome," as Mr Harold Macmillan onca put it. Athens advised, and was dismissed.

The question is what Britain should do abont it. You cannot, of eourse, change foreign policy overnight, and possibly Grenada is too small an incident to be a turning point. But in a sense the change has already begun. Britain does now consult her European allies almost as closely as tha U.S., and there is beginning to be a European identity.

Here are some common elements. The British, the French and the Italians agree that there should not be a power vacuum in Lebanon and have been ready to put their forces alongside the Americans in an attempt to prevent it.

West European governments again tend to agree that the deployment of Soviet SS-20 missiles ought to be countered and have stood up to considerable opposition from domestic opinion to allow the cruise missiles and Pershing 2s to go ahead.

All that is part of the balance of power, and it is taken as a given that ultimately U.S. and West European interests coincide.

What is much more questionable, however, is how far Europe can support what appears to be an ideological crusade against the Soviet Union.

There must also be a question about internal opinion in the U.S. If Mr Walter Mondale were to becoma President, the whole state of east-west—and west-west—relations might be very different, and already the prospect of an American Presidential election is beginning to cast its shadow over the world scene. But for the moment we live with President Reagan, and could continue to do so.

One of the characteristics of the Reagan Administration is tactlessness, or at least an unwillingness to appreciate that the perceptions of its allies might be different from its own.

For instance, one of the worst aspects of the intervention in Grenada was its timing, and we may assume that that was a reason why the British advised against it. There was already a severe problem after the attacks on the American and French forces in Lebanon on Sunday. There was the running problem of European opposition to the imminent deployment of cruise missiles. To add another problem, by invading Grenada against the wishes of a supposedly favoured ally, looks like recklessness. It looks indeed almost as if the allies don't matter.

There is, I think, only one tenable response. The West Europeans will have to work together to establisb their own foreign policy. It would not he anti-American, but it would be a counter-weight within the Alliance to American views. The only way for the Europeans to do this is by agreeing among themselves in advance. The tima for bilateral relations, or special relations, with the U.S. is over. The way to be heard is to speak together.

Some progress has been made in the framework of political co-operation within the European Community. But it is not enough. Too often it relates to minor matters and even then, as in the case of Grenada, which was not discussed, the wrong minor matters.

After Grenada, the question is bow far British politicians will draw this conclusion. For there is after all an alternative. That is, to allow to continue an unholy alliance between Mr Enoch Powell, tha Labour left, and some of tha old Tory right which tends to think that almost anything done by America is bad, yet which has nothing to put in its place.

Mrs Thatcher and Sir Geoffrey probably came closer this week than ever before to realising the limits of British power and influence and tha fundamental flaw in the special relationship: it is not a relationship of equals.

The approach to equality with the U.S. is through Europe.

How far the Prime Minister will draw this conclusion remains open. But she cannot say that she has not been warned. She relied on her influence on America, and America ignored her. That is not to argue that, in this instance, America was necessarily wrong, but merely to conclude that successive British governments have been living in a fools' paradise in looking to Washington first, and Europe second. In future, it should be the other way round.

Lombard

Formula for British Steel

By Ian Rodger

THE GOVERNMENT'S confidence abont the possibilities of privatising tha British Steel Corporation has seemed to wane in recent months.

Former Industry Secretary Mr Patrick Jenkin's categorical decree that all of BSC should be out of Government bands — parts of it given away or left to rot, if necessary—by the end of the next Parliament, has become softer and softer.

The main problem with privatising BSC, despite the shedding of 150,000 workers in the past 10 years and the writing-off by tha Government of over £4bn in borrowings, is that there is no foreseeable prospect of the basic steel industry becoming a reasonably safe place to operate a normal commercial enterprise.

Many eastern European and developing countries look at steel exports as a means of earning hard currency. And since most of their costs occur in soft local currency, they are not too concerned whether they get 170 dollars for a tonne of slab or 300 dollars, so long as they are dollars.

Privatisation advocates then retreat to a second option. There are parts of the corporation, they say—notably those making sophisticated products such as tubes and engineering steels—that could be commercially successful on their own. True, but how demoralising for beleaguered BSC managers to be stuck with only the dreary upstream end of the business, and none of the advantages of vertical integration.

One possible solution to this dilemma, proposed by a City merchant bank, is that a company be set up, balf owned by the Government and half by BSC executives, to manage the corporation and employ the workforce.

There would be no indexed pension fund for employees as there is in BSC, but the existing indexed rights of BSC employees would be protected, just as they have been for those who have left the corporation to join the joint venture companies, Allied Steel & Wire and Sheffield Forgemasters.

The management company would have the first right to buy any profitable BSC assets that the Government proposed to sell, and, if it decided to buy, would raise the necessary funds in the City. If someone else ended up buying the assets in question, the management company would lose the management contract over them.

The contract would provide for the management company to receive a reasonable fee for its services plus additional amounts tied to performance. Profitability is unlikely to be a useful yardstick for measuring performance, but the contract with Mr Ian MacGregor, the former BSC chairman, provides some guidance. It relates performance to achievement of annual cash and profit targets, UK market share, exports and productivity.

The obvious weakness of this proposal is that it creates the appearance of privatisation without the reality. As long as BSC continues to suffer buge losses—£801m last year pre-tax and £426m the year before—then the Government will have to bail it out as well as provide capital for new investment, regardless of wbether the corporation is run directly or by a private management company. At some point, a government might mistake the appearance for the reality, and decide it was under no obligation to continue propping up a "private" company.

Another problem is the proposal's assumption that it is desirable to keep a large British integrated steelmaking corporation together. If, as seems likely, the developing countries are going to continue to build np their exports of low-cost, semi-finished steel, then perhaps Britain and other industrialised countries should leava more of this low value-added end of the business to them.

It is, of course, difficult to know how much steelmaking capacity should be kept, and in what form. But the directors of BSC's management company, once it had bought most of the corporation's more attractive downstream assets, would probably be in a good position to judge.

Letters to the Editor

Car price differences in the EEC

From Mr Trevor Crowter

Sir,—Perhaps price controls on ears *should* be the responsibility of government, as the motor industry is suggesting. However, in the absence of any action from our Government it is encouraging to see (October 24) that the EEC is planning to introduce a regulation which should prevent price differences between any two EEC countries exceeding 12 per cent.

At present the motor manufacturers charge unjustifiably high prices in certain countries, specifically Britain. This means that British car buyers—the British public and British companies—are heavily subsidising all sections of the motor industry, regardless of nationality. Surely this is ludicrous; it would be far better if prices were set at fair levels in relation to other markets and the Government (that is, the British public and British companies) were to subsidise BL more beavily than at present so that BL remains competitive. Then we would be subsidising only BL, which would be far preferable to subsidising the wbole of the motor industry.

Your report says that the motor industry "hopes to mobilise public opinion and convince the governments of Britain, West Germany and France in particular" in order to persuade the EEC to drop the proposed regulation. West German and French public opinion may be, but it would be a remarkabla achievement if the industry managed to mobilise British public opinion to support the continuation of buge British subsidies to motor industry profits.

Trevor Crowter.
Kingsfield Road,
Woking, Surrey.

Cost of the NHS

From Miss Susan Hynes

Sir—Your "Men and Matters" column (October 25) referred to "Britain's expensive National Health Service." The Health Service is decidedly not expensive. We spend less on bealth care than our European partners and far less (6 per cent of Gross Domestic Product) than the U.S. which spends roughly 9 per cent of GDP on health care.

Our Health Service, because it is funded rationally through taxation, is far cheaper to administer than insurance-based systems. Britain spends 6 per cent of total health expenditure on administration, whereas Belgium and France spend 12 per cent, Australia spends 18 per cent, and West Germany 8 per cent. The U.S. is estimated to spend 21 per cent.

I think you will agree that, comparatively, the NHS represents good value for money.

Susan Hynes.
6, Lea Road, Heaton Moor,
Stockport.

Holland and the welfare state

From Mr J. J. M. Kremers and Mr F. L. D. Nivard.

Sir,—It is with great interest and appreciation that we have followed Walter Ellis's reports on the Dutch economy over the last years. Therefore we were unpleasantly surprised by the unfortunate way in which Mr Ellis let his pen run away with himself (October 20). In an anecdotal article he asserts that the present "redirection of the welfare state," which was built "as a consequence of Dutch natural gas discoveries," is "something quite new and shocking."

This assertion is based on one or two figures on recent budget cutting measures, the story of a single mother in Amsterdam, of a son of a well-off father, of a company executive with a 19-year old son in The Hague, and of professors in Amsterdam being elected by undergraduates.

It is probably a good idea to keep in mind that over the past three decades (and not just since the discovery of gas) the Dutch have been building up a social security system which they have every reason to be proud of. True, excesses in the system and the economic crisis have asked for a reconsideration of the practical side of the social security system. Surely, however, an international comparison of facts would show that the Dutch welfare state remains as vital as ever, as well as the consensus behind it.

The suggestion that a national handover bas replaced the dream of the welfare state can best be countered by a quotation from tha recent Queen's Speech. On September 20, the Government's Policy Declaration read: "Here and now a choice is to be made for a government which intends to build upon the strength and team-spirit of its citizens, a government which will *not* allow the weak to be pushed off the road." And that is exactly the choice that has been made.

J. J. M. Kremers.
Nuffield College, Oxford.
F. L. D. Nivard.
The Hague,
Netherlands.

When music critics differ

From Mr Ian Stirling

Sir,—Like many other musicians and music-lovers who attend concerts, one is interested to read the views of newspaper critics afterwards. It is part of the fun, and occasionally a performer may learn something of valne; he or she may also find portions of the notice worth quoting in brochures or on future programmes. Thus the critic performs, basically, a worthwhile service to the musical public.

However, there is an increasing tendency at the moment for critics to display linguistic facility at the expense of all other considerations, in conjunction with an utterly negative disregard for the possible outcome of their fierce diatribes.

An example of the latter category is your review of the Queen Elizabeth Hall concert by Eugene Sarbn and Gordon Back (October 18). Nobody objects to fair criticism, but vicious attack is another matter, for to express disapproval in insulting, repetitive terms, is not only distasteful but also disturbing both to the performers' careers and to your readers' opinion of the competence of the critic concerned.

For example, your reviewer writes: "Sarbu's Fauré (the A major sonata) was like Musak: utterly predictable of tone-colour and phrasing, bored and mechanical of spirit." The only other reviewer, the same morning, wrote of tha same work: "Tha violinist's tone colours in the outer movements were highy individual and the long sweeping phrases were effortlessly sustained by both performers."

Were both critics at the same concert?

Ian Stirling.
33, *Powis Gardens, NW11.*

Securities industry and the EEC

From Mr Andrew Pearce, MEP

Sir,—The Council for the Securities Industry have sent me a Press statement in which they say they are well placed to make representations to the Stock Exchange, the Bank and the Department of Trade and Industry. Have they not heard of the European Community? Is it any wonder that so little progress is made in opening up Europe's markets to British financial expertise?

Andrew Pearce,
MEP for Cheshire West,
30 Grange Road,
West Kirby, Wirral.

Building societies' interest rates

From Mr E. H. Barnes

Sir, — Apropos David Lascelles's piece about the competition between the banks and the building societies for savings (October 20), the decisive turning point was the building societies' decision to break away from the general level of interest rates and offer higher rates to investors in order to attract more money for mortgages. This in turn has meant higher interest rates for borrowers both with existing mortgages and new borrowers.

No one seems to have taken exception to this latter fact even though it is highly inflationary because of the "knock-on" effect as borrowers try to pass on their extra costs to other people by wage demands etc.

Both banks and building societies enjoy baving high interest rates. It makes their profits and margins that much bigger. What is laughable is that the building societies are ostensibly non-profit-making organisations whereas in practice they are the most rapacious of profit-takers.

E. H. Barnes,
The Garden House,
Lavender Hall Lane,
Berkswell, Coventry.

Into Russia without an interpreter

From Professor Charles H. Gray

Sir,—Mr A. Broadbent (October 22) may be mistaken in believing that he and his family took the first car into Russia without an interpreter. However, his dating of "over 18 years ago" is ambiguous. My wife and I, also with two boys, believed we were among the first in this respect.

In 1961, we travelled over 5,000 miles in a 26-year-old Rolls-Royce from Harwich to Gothenburg, Stockholm, Leningrad, Kalinin, Moscow (for the First International Congress of Biochemistry the Russians had held since the Second World War), Smolensk, Minsk, Warsaw, Cracow, Tatraska Lomnica, Prague, Vienna, Minini, Perugia, Florence, over the Great St Bernard Pass to Calais and home.

Except in Moscow, we also camped in Russia and encountered great kindness everywhere. Even with low octane fuel obtainable from petrol stations 200 miles apart, the car fortunately gave no trouble.

Charles H. Gray,
Barn Cottage, Linden Road,
Leatherhead, Surrey.

FINANCIAL TIMES
Friday October 28 1983

Bull enters production deal with Brazilian group

By David Marsh in Paris

BRAZIL is setting up an indigenous computer industry in collaboration with the French nationalised data processing group Bull.

Under an agreement announced yesterday, Bull is to take a 40 per cent stake in a Brazilian company which is being set up to manufacture locally Bull's range of DPS-7 medium to large computers used in banks and other big organisations.

The new company, which will be 60 per cent owned by the diversified private sector industrial group ABC, will be set up in the state of Minas Gerais, with production due to start in the first quarter of next year. About 25 per cent of ABC's current business is in electronics.

The company, called ABC-Empresa Telematic, may also be used to help expand Bull's business in the rest of South and Central America. Its capital will be around FFr 100m ($12.5m)

Bull is mainly owned by the French Government. A minority stake held by Honeywell of the U.S. is set to drop to around 7 per cent after a forthcoming capital increase.

The French company has been keen to enlarge its international activities. But its progress on major markets has been hampered by its policy of non-compatibility with IBM, the U.S. computer giant, as well as by a series of financial and industrial reorganisations over the last few years.

The production agreement in Brazil – where Bull already has a subsidiary employing about 150 – will allow the company to by-pass restrictions on computer imports introduced by the Brazilian authorities to try to save foreign exchange.

As part of its new strategy of relying more on collaboration agreements with foreign computer manufacturers, Bull now has access to technology from Nippon Electric (NEC) of Japan, under the recent co-operation accord between Honeywell and NEC.

Bull said yesterday that it clinched the agreement after a series of negotiations with the Brazilians who had also approached other European, Japanese and U.S. computer companies. But it declined to give more details or to spell out the terms under which the deal was reached.

LABOUR PARTY FORCES GOVERNMENT ON TO DEFENSIVE

Split over Thatcher's handling of Grenada

BY PETER RIDDELL, POLITICAL EDITOR, IN LONDON

CONSERVATIVE PARTY MPs in Britain were last night divided and uneasy about the UK Government's handling of the Grenada affair.

Mrs Margaret Thatcher, Prime Minister, tried to put up a more robust defence of her Government's position than had been presented over the previous two days by Sir Geoffrey Howe, Foreign Secretary. But she failed to put an end to the arguments of the past week.

Replying to questions in the House of Commons, she said the differences between the British and U.S. governments over the invasion of the islands must not be allowed to impair the effectiveness of the alliance. She described the U.S. as "the final guarantor of freedom in Europe" and said that Britain had taken its own decisions over the Falklands Islands last year without the initial agreement of the U.S.

Mrs Thatcher also indicated that Britain would abstain in any vote in the United Nations Security Council seeking to condemn the U.S. action. She also sought to distance herself from Sir Paul Scoon, Governor General of Grenada, who she pointed out, was in no way the responsibility of the British Government, and denied that he had made any appeal to Britain for help.

Mrs Thatcher was non-committal about calls from Tory MPs that Britain should take the lead in a Commonwealth force to keep the peace in Grenada.

Britain has not received any such request, although, apart from any

Mr Neil Kinnock: forceful debut

policing role, the Government will undoubtedly be willing to send observers to any general election and to provide help for the rehabilitation of Grenada.

MPs on all sides of the Conservative Party believe the affair has made the Government – and in particular Sir Geoffrey – look weak and accident-prone.

Opinion among Tory MPs is split one MP, Mr Ian Lloyd, last night circulated a motion supporting the U.S. action, and regretting the absence of British involvement. This quickly attracted a sizeable number of signatures, but a substantial minority of Tory MPs are strongly opposed to the U.S. action.

Some Tory MPs are also worried that the Government's apparent equivocation and clear lack of influence, over President Reagan's decision, will create considerable problems over the deployment of cruise missiles in the UK.

Labour MPs, including Mr Neil Kinnock, the party leader, have started to argue that the absence of consultation last weekend undermines the Government's claims about joint decision-making before any missiles are launched from Britain.

In contrast, the Labour Party had had its best week at Westminster for several years, united behind its new leadership and forcing the Government on to the defensive.

Mr Kinnock was enthusiastically received by his MPs for a strong attack on the Government over the National Health Service.

Attacking the Government for health manpower cuts and for plans to privatise some services, he told Mrs Thatcher: "The health service cannot be dismembered or dismantled by British Prime Ministers or foreign economists – it is not theirs to get rid of. It belongs to the British people and they will strive to retain their proud possession.

"It is difficult to squeeze the health service much harder in the hope that you get efficiency, because it happens to be the most efficient medical system in the whole western world."

SEC plans new rules on banks' broking business

By Paul Taylor in New York

THE U.S. Securities and Exchange Commission (SEC) yesterday formally proposed extending its rules covering the brokerage industry to those U.S. banks which have begun or plan to offer brokerage services to their customers.

The proposed regulations, which the SEC said could affect about 500 banks, were suggested following mounting pressure by the securities industry itself which has grown increasingly concerned about what it sees as the banking industry's incursion into its traditional businesses.

Under the terms of the SEC proposals, which will be open to public comment until the end of the year, banks which have "in house" brokerage businesses or plan to enter the industry, would have to be registered.

Many banks, including Security Pacific and Bank of America have either bought their way into the share broking business, set up subsidiaries to offer brokerage services or provide the services through an independent brokerage firm.

Those which have either bought brokerage houses or set up separate subsidiaries to offer brokerage services are already covered by SEC rules. The major impact of the proposed measures would therefore be to impose similar regulations on those banks which offer brokerage services in house – without a separate subsidiary – or which offer services through an outside broker.

These banks would be required to register if they publicly solicit brokerage business, receive commissions from brokerage work in conjunction with giving investment advice, or deal in or underwrite corporate securities.

The immediate impact of the registration would be to impose on the banks similar rules to those already existing for the securities industry, including the maintenance of minimum capital requirements, SEC inspections and security industry brokerage tests.

The SEC said yesterday that its purpose in proposing the new regulations was to ensure that customers using bank brokerage services were protected from fraud and loss to the same extent they would be if using a traditional broker.

The SEC suggestion comes at a time when the whole issue of bank deregulation and diversification is under active debate. The Administration has tabled a Bill which would extend banking powers and further remove some of the restrictions over bank entrance into the securities business. Several Congressional Bills are also being drafted, while a task force led by Vice-President George Bush is considering the separate issue of reforming the bank regulatory framework

THE LEX COLUMN

More cables from the Treasury

The British Government has had no cause for complaint since floating Cable and Wireless into the private sector two years ago. The release of the Treasury hand seems genuinely to have encouraged a more entrepreneurial management style, the more distant Government connection has had no visible effect on the company's ability to win business, and shareholders, the Government included, have seen the value of their investment more than double from the original offer for sale price.

So it is scarcely surprising that the Government has returned to this shining model of privatisation in order to meet a tidy shortfall on its budgeted revenues from asset sales this year. Assuming a small discount to the current market price of 260p, the Government could attain its target of £1.25bn through the sale of around 30 per cent of C and W.

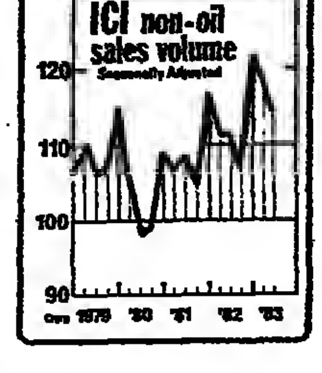
The current disposals look depressingly like housekeeping operations, in contrast to the high-minded offers for sale of earlier years. Taking downpayment on a few oleaginous acres of Dorset now seems likely to be the only real privatisation exercise of the current fiscal year, and that will net no more than £80m.

Yet it would have been difficult to accelerate the flotation of Enterprise, the former British Gas oilfields, while C and W should, in corporate finance terms, be a straightforward exercise. The Government will also retain ultimate control through the creation of a golden switchboard designed to jam unwelcome callers.

The Government will presumably try to make as much political capital as possible from the sale, through an offer for sale which again favours the small investor. There would be little mileage in announcing its intentions in advance – and so putting a lid on the share price – if an institutional placing were the preferred option. The question of whether or not to underwrite has been left deliberately open, although, if the past is any guide, discretion will prove the better part of valour.

Japanese electricals

Earnings growth in the Japanese electrical industry is extremely patchy, to judge from the latest crop of parent-company interim figures for the six months to September. Almost the whole industry has



been able to show some progress – Sony is a conspicuous exception – but dramatic sales increases in semiconductors and VTRs have effectively disguised the pronounced lack of business in heavier electrical equipment.

Semiconductor production should rise by almost a quarter in value terms this year and, with the U.S. market racing away, VTR turnover should show a similar improvement, despite the pronounced shift towards cheaper, lower margin products. But a recovery in the domestic capital goods cycle may still be some way off and the electrical producers must now be hoping that the Government's recent stimulatory measures will boost consumer demand at home.

ICI

The scale of the cyclical turnround now coming through at ICI leaves U.S. investors looking rather more prescient than some of the doubting Thomases in the UK. In the third quarter, pre-tax profits emerge at £147m, against £58m in the same period of 1982. For the first nine months, the outturn at £445m, is up by 119 per cent.

The key to the improvement has been the petrochemical and plastics operations in Europe – which made a trading loss of £123m in 1982. These operations have improved to register a small profit in the third quarter. Whereas currency effects had a large beneficial impact in the early part of the year, in the most recent quarter they have been broadly neutral. Volume increases – of perhaps 10 per cent – as the supply pipelines have been refilled have been probably the most important factor in the improvement, along with cost savings worth maybe £40m in a year. Since July, meanwhile, product prices have started to move ahead, which should underpin the performance in the current quarter.

Petrochemical operations in Australia and Canada have moved further into loss, however, while the fibres business remains in distress. But paints, crop protection products, oil and the pharmaceutical division are all running ahead healthily. The shares moved up 8p yesterday to 576p, which compares with 350p early in the year. Pre-tax profits are on course for £610m or so, producing a p/e of 8.7 on a 34½ per cent tax charge.

Royal Insurance

The catastrophic losses caused by Hurricane Alicia this summer have piled on the agony for the U.S. insurance industry, already flattened by excessive competition on rates. It would be suicidal for any company to seek organic growth from a small base in these conditions. But behind the major names are plenty of small companies occupying a profitable niche in the market, and Royal Insurance's strategy of growth by acquisition appears soundly based. Yesterday's announcement of an agreed bid for a small group in the lower Midwestern states, Royal's third U.S. deal in 18 months, looks like taking the strategy a successful step further.

Royal's bid of $35 a share for Silvey – suspended at $18 on Tuesday – implies a $50.7m price which does not look cheap against the U.S. company's 1982 premium income of $44m. But Silvey has kept its total operating ratio below 100 per cent over the last five years and even this year's figure at 105.5 per cent compares well with an industry average expected to finish the year around 111 per cent or more. Its geographical location fits perfectly with Royal's U.S. expansion to date, its mix of business is broadly comparable with Royal's and the price looks in line with the net assets multiples presented by other recent deals in the industry.

Royal intends to complete the purchase early next year, drawing on the larger part of its U.S. retained earnings rather than the 1980 rights issue proceeds originally billed for that purpose. After the foreign exchange gains foregone on that score, shareholders might feel entitled to hope the U.S. purchases will prove to have been more happily timed.

Daimler-Benz lifts revenue despite truck market setback

BY JOHN DAVIES IN FRANKFURT

DAIMLER-BENZ, the West German car and commercial vehicle manufacturer, has lifted worldwide sales revenue despite a setback in markets abroad for heavy trucks.

Group revenue was up 2 per cent to DM 29.2bn ($11.2bn) in the first nine months of this year, while the Stuttgart-based parent company increased revenue 4 per cent to DM 23.7bn.

The company gave no profit details, but said it expected a satisfactory result this year.

Daimler-Benz has increased the number of commercial vehicles sold in West Germany by 12 per cent, aided by government investment incentives and a revival in the building trade.

But it has been hit by the sharp drop in truck orders from developing countries, including oil producers, which have scaled back ambitious expansion plans because of payments problems. It has sold 10 per cent fewer commercial vehicles on export markets in the first nine months of this year.

The export decline has outweighed the uplift in domestic truck sales. As a result, Daimler-Benz's production of commercial vehicles within West Germany has fallen 7 per cent.

The group has slashed commercial vehicle output at its foreign plants even more sharply – by 19 per cent – but this is mainly because of bleak economic conditions in Brazil.

Daimler-Benz said that its Argentine operations had stabilised employment, although at a low level. In the U.S., its Freightliner subsidiary increased output and market share, but Euclid still faced weak demand.

In car markets, Daimler-Benz has increased sales in West Germany by 8 per cent and, contrary to the industry trend, has boosted car exports by 3 per cent.

Car production is up 3 per cent to 353,620 and the year's output is expected to exceed 470,000, compared with 458,000 last year.

Daimler-Benz said that its new 190-models had established a dominant position in the compact class and the first year's production would reach 109,000. To make this production increase possible, the group has trimmed output of middle-range models, but plans to lift production again when its Bremen plant is ready for car assembly next year.

● Volkswagen, West Germany's biggest manufacturer of cars, confirmed yesterday that its workforce would decline by about 13,000 by 1987 from the peak of 120,800 in February last year.

The decline would arise from rationalisation measures but would not involve dismissals.

Adam Opel, the West German subsidiary of General Motors of the U.S., last week denied union claims that several thousand workers would be dismissed during the next five years.

But the company has declined to confirm or deny that rationalisation would lead to job losses through natural wastage.

Ministers firm on Lebanon peace-keeping

Continued from Page 1

But despite France's particularly strong condemnation on Wednesday of the invasion of Grenada, M Cheysson declined to discuss the issue, or his private talks with Mr Shultz yesterday.

Sir Geoffrey, for his part, said Mr Shultz had again given the U.S. justification for the invasion, based on the right of a state to take action to protect the lives of its subjects. Sir Geoffrey said the U.S. had not cited as a justification for the landing the apparent appeal for help made by Sir Paul Scoon, the Governor General of Grenada. He added that this appeal had not been communicated to Britain.

The invasion of the island came under heavy attack from the Soviet Union again yesterday. Mr Victor Stoukaline, the Deputy Soviet Minister for Foreign Affairs, condemned the invasion as "an act of unjustifiable aggression," on the second day of the general conference of the United Nations' Education, Scientific and Cultural Organisation (Unesco) in Paris. He expressed Moscow's "deep concern over the worsening of the international situation, which is without precedent in the post-war period."

Glaxo reveals £¼m payoff to ex-director

BY RAY MAUGHAN IN LONDON

GLAXO HOLDINGS, the giant UK pharmaceuticals and wholesale chemists group, revealed yesterday that it has paid a former director £256,000 ($383,000) as compensation for loss of executive office.

Mr Guy Neely, the group finance director until his departure on June 10 this year, received this lump sum which includes a provision for funding his pension entitlement.

The group paid its 27,768 staff wages and salaries totalling £183.9m in the year to June, of which £102,089 was received by Sir Austin Bide, the chairman. Glaxo is proposing, however, that the "ordinary remuneration" of its directors shall not exceed £100,000 in total in any year "as the directors may from time to time decide."

The parting of Mr Neely and Glaxo was described in a guarded statement by the group as "amicable" and indeed his notice is said to have been accepted "with regret."

It is also understood that Mr Neely was in the early years of a long-term service contract with Glaxo, which the company has honoured. But it has since executed a three-year service contract with Mr Charles Newcomb, the new finance director, with effect from the day of Mr Neely's departure.

Glaxo made profits of £192.4m last year, up from £133.8m in the previous period. Its recent performance and the prospects for a new range of anti-ulcer drugs have caught the imagination of many investors on Wall Street and, although its U.S. businesses have not yet reached break-even point, Sir Austin now says that "it is expected that our trading company, Glaxo Inc, will become profitable in the year to June 30, 1984".

ICI and Du Pont lift earnings in quarter

Continued from Page 1

with net earnings of $692m or $2.91 a share on sales of $25bn in the 1982 period.

The company, which last year announced plans to sell some $2bn of assets in the wake of its acquisition of Conoco in order to reduce the debt it assumed to make the purchase, said its latest quarter results included gains totalling 13 cents a share from the sale of its consumer paint and microfoam businesses. Du Pont last week confirmed plans to sell some of Conoco's chemical assets to a management-led investment group.

Du Pont said that the special gain was partly offset by charges of 7 cents a share largely associated with an explosion and fire at the La Place, Louisiana, plant and damages and lost production at three Texas plants caused by Hurricane Alicia.

The earnings announcement was slightly better than industry analysts had been expecting and Du Pont's shares gained $¾ after the announcement to trade around $52¾.

Du Pont's plastics, fibres and speciality products business posted an after-tax operating profit that was more than double a year ago but 4 per cent below the second quarter because of seasonally lower volume.

At ICI, pre-tax profits for the first nine months reached £445m on sales of £6bn, compared with £203m on sales of £5.5bn last year. Petrochemicals and plastics last year lost £139m on sales of £1.9bn and £10m in each of the first quarters of 1983.

Mr John Crow, ICI's treasurer, said yesterday that about one third of the improvement in trading profits this year was a result of favourable currency exchange rates.

ICI has also benefited from the company's heavy cost-cutting exercises and the continued strength of its pharmaceutical business.

The group did not report any marked recovery in prices for its chemicals, plastics and fibres. Sales in the first nine months of the year advanced by 14 per cent to £5.5bn, but half of this improvement was attributable to the weaker pound and half to increased volume

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	S	17	63	Malaga	F	21	70	Salzburg	S	17	63
Akrotiri	F	21	70	Faro	F	22	72	Malta	F	19	66	Seoul	S	16	61
Algiers	S	23	73	Florence	S	19	66	Manila	S	33	91	Singapore	C	32	90
Amsterdam	F	13	55	Frankfurt	F	11	52	Miami	S	25	77	Stockholm	F	13	55
Athens	F	17	63	Funchal	F	22	72	Milan	S	15	59	Strasbourg	S	14	57
Bahrain	S	29	84	Geneva	S	13	55	Moscow	C	8	46	Sydney	S	24	75
Bangkok	S	33	91	Gibraltar	C	21	70	Munich	S	16	61	Taipei	R	25	77
Barcelona	S	20	68	Guernsey	F	12	54	Nairobi	F	27	81	Tangier	F	24	75
Beirut	—	—	—	Helsinki	D	9	41	Naples	S	19	66	Tehran	—	—	—
Belgrade	C	12	54	H. Kong	C	26	79	New Delhi	S	30	86	Tel Aviv	S	25	77
Berlin	S	11	52	Innsbruck	S	16	61	New York	S	13	55	Tenerife	S	25	77
Biarritz	S	21	70	Inverness	F	10	50	Nice	S	20	68	Tokyo	S	22	72
Blackpool	C	12	54	Istanbul	F	15	59	Oporto	—	—	—	Toronto	C	11	52
Bordeaux	S	16	61	Jersey	F	13	55	Oslo	F	13	55	Tunis	F	20	68
Brussels	F	15	59	Jo'burg	C	21	79	Paris	S	13	55	Valencia	S	21	70
Budapest	S	15	59	Las Palmas	S	25	77	Prague	S	13	55	Venice	S	12	54
B. Aires	S	24	75	Lima	S	21	70	Reykjavik	S	0	32	Vienna	S	17	63
Cairo	S	27	81	Lisbon	C	16	64	Rio de J'o	C	25	77	Warsaw	S	14	57
Cape Town	S	25	77	Locarno	S	16	61	Rome	S	19	66	Zurich	S	13	55
Caracas	R	28	82	London	S	12	54								
Casablanca	F	23	73	Los Angeles	S	35	95								
Copenhagen	F	12	54	Luxembourg	S	10	50								
Corfu	S	20	68	Madrid	S	19	66								
Dublin	C	12	52	Majorca	S	21	70								

Readings at mid-day yesterday.

C–Cloudy D–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

UK plans cut in Cable stake

Continued from Page 1

The directors are to recommend the issue to the Government of a special share, which will enable it to ensure that the company's articles of association continue to limit the shareholdings of individuals and parties acting in concert to not more than 15 per cent of the equity.

The plans for the share sale, announced in the House of Commons yesterday by Mr John Moore the new Financial Secretary to the Treasury, brought strong criticism from opposition members of Parliament.

Grenada fighting ebbs

Continued from Page 1

The House Foreign Affairs Committee voted overwhelmingly to invoke the Act, which would limit the time that U.S. troops could stay on the island without congressional approval to 90 days.

Sir Paul Scoon was appointed by Queen Elizabeth II in 1978. He spent many years as a senior civil servant in the British colonial government of Grenada, but was never properly recognised by the Government of Mr Maurice Bishop, the Prime Minister who was deposed and executed in the military coup last week.

Mr Tom Adams, the Prime Minister of Barbados, yesterday threw further light on the events surrounding the controversial invasion. He said in a radio speech that the U.S. had approached his Defence Ministry in mid-October about the prospect of rescuing Mr Bishop.

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SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday October 28 1983

Legal action likely over option deal in Kaiser Steel offer

BY PAUL TAYLOR IN NEW YORK

KAISER STEEL and the acquisition group led by Mr Joseph Frates, the Tulsa investor, which has offered about $374m to acquire the steelmaker, have reached an agreement with a rival investors group led by Mr Irwin Jacobs. The deal appears to smooth the way for the Frates bid to proceed while also providing the Jacobs group with the chance to make a substantial profit.

But it has prompted an immediate threat of legal action from another major Kaiser shareholder, Mr Paul Kalomanovitz, who owns about 5 per cent of the equity. He told Kaiser yesterday that preferential treatment of the Jacobs group would violate securities laws and "bleed the company's assets."

Under the agreement announced yesterday the Jacobs group would receive a hefty premium for part of the 23 per cent stake it has built up in Kaiser in return for granting the company an option to buy back up to 1.18m shares.

The value of the Frates offer to most Kaiser shareholders is about $50 a share. But the Jacobs group would receive about $58 a share, in addition to the premium for the option, worth about $14.2m.

The complex agreement seems highly likely to face a legal challenge from other Kaiser shareholders, possibly including Mr Kalomanovitz, but would clear the way for a vote on the Frates bid, which topped an earlier bid worth around $270.8m from the Jacobs group.

In addition to granting Kaiser an option, the Jacobs group has also given the company an irrevocable proxy to vote any shares the group owns at the time of the planned shareholders' meeting on November 30 in favour of the Frates group bid – provided a majority of the other shareholders vote in favour of the offer.

Kaiser will pay $12 a share plus interest for an option to buy up to 1.181m shares from the Jacobs group, if the Frates bid is approved, on the day of the shareholder meeting.

The option would then allow Kaiser to acquire the Jacobs group shares for $40 a share at any time between January 11 and May 1 next year.

When the Frates acquisition is completed, the option would then convert to an option to acquire for $18 both shares of the preferred stock to be issued as part of the Frates bid.

Under the proposed Frates group offer, each shareholder is being offered $22 in cash for each Kaiser share plus one share of preferred stock, paying a cumulative annual dividend of $1.04 and a redemption or liquidation value of $17, and one share of another preferred stock paying a cumulative annual dividend of $2.25 and having a redemption or liquidation value of $17.

NATURAL GAS GLUT CONTINUES TO HAMPER DOMESTIC EARNINGS

Cost controls fuel U.S. oil recovery

BY WILLIAM HALL IN NEW YORK

AFTER TWO years in the doldrums the U.S. oil industry is staging significant recovery in earnings. Although there is little sign of any increase in free world petroleum demand, the benefits of much tougher cost controls, cutbacks in capital spending and a restructuring of the downstream refining and distribution operations are beginning to show through at the bottom line.

Exxon and Mobil, the top two U.S. oil majors, report that their net income was up by 21 per cent and 42 per cent respectively, and Exxon underlined its growing confidence that the worst is over in the international oil industry by increasing its quarterly dividend for the first time since the fourth quarter of 1980.

Net income of the top 14 U.S. oil companies to report so far, rose by an average 14 per cent in the third quarter and by an average 6 per cent in the first nine months of the year. But these earnings increases mask important differences in performance.

The big international companies which earn a substantial part of their profits overseas, performed much better than the U.S. domestic integrated oil companies. In the last quarter the top five U.S. international oil companies increased their net income by an average 23.5 per cent, while the remainder only managed a 5.3 per cent increase.

Over the first nine months of the year the variation is even more marked with the international oil majors boosting their net income by close to a fifth, while the domestic companies posted a 6.8 per cent decline.

One of the main reasons for the divergence was that last year the Aramco partners (Exxon, Mobil, Texaco and Socal) had to buy Saudi Arabian crude at the listed Opec price when world oil prices were lower.

MAJOR U.S. OIL COMPANY RESULTS FOR 1983

	Third Quarter				Nine Months			
	Rev $bn	% chg	Net inc $m	% chg	Rev $bn	% chg	Net inc $m	% chg
Internat. Integrated								
Exxon	23.3	(7.4)	1225	20.5	68.9	(8.4)	3360	24.2
Mobil	14.2	(7.8)	404	42.3	42.9	(9.8)	1056	18.0
Texaco	10.6	(16.2)	331	9.2	30.6	(15.7)	577	–
Socal	7.7	(11.8)	509	10.9	21.7	(22.6)	1187	24.7
Gulf	7.5	–	275	74.0	21.4	(5.0)	681	1.0
Domestic Integrated								
Stand. (Indiana)	7.2	(6.5)	584	5.0	22.1	(1.2)	1409	–
At. Richfield	6.4	(4.2)	405	(8.0)	19.2	(3.4)	1128	(9.2)
Shell	5.1	–	449	1.6	14.6	(2.7)	1084	(7.0)
Occidental	4.9	11.4	151.8	505.2	14.4	11.5	321	109.0
Phillips	3.9	(2.8)	176	15.0	11.3	(4.3)	474	(3.8)
Sun	3.8	(4.8)	167	8.9	11.3	(7.2)	392	1.6
Sohio	3.0	(10.6)	435	10.7	9.0	(13.6)	1190	(16.2)
Getty	2.9	(6.5)	184	1.0	9.0	(4.3)	255	(51.0)
Union	2.7	(1.4)	180.2	(15.3)	8.0	(1.8)	446	(23.0)
Amerada Hess	2.4	10.8	75.1	(6.2)	6.1	(2.8)	148	18.8

Source: Corporate trading results

This year, spot market oil prices have been much closer to the listed prices and the Aramco partners have been at far less of a disadvantage, which is reflected in above average growth in their international earnings.

Exxon reports that its earnings from U.S. petroleum exploration and production were virtually unchanged at $1.4bn in the third quarter, but its earnings from its foreign operations were up by 50 per cent at $1.4bn. Similarly, Mobil reported that $100m of its $107m increase in third-quarter petroleum earnings came from its overseas operations.

U.S. oil companies, which are more heavily dependent on domestic earnings, continue to be hard hit by the glut in U.S. natural gas markets. Shell Oil, which earns a bigger proportion of its profits from the domestic U.S. market than most big oil companies, notes that a 14 per cent drop in its natural gas production and a $2 per barrel drop in average domestic crude oil prices over the last year more than offset the gains from higher U.S. oil production and was responsible for the drop in third-quarter earnings from its petroleum operations.

Third-quarter results of many U.S. oil companies were boosted by improved profitability in their downstream refining and distribution operations. Standard Oil of Indiana says that its domestic refining and marketing operations more than doubled their contribution to $152m in the third quarter.

Other factors which helped higher third-quarter earnings were improved contributions from most companies' chemical operations and a general cutback in capital spending of close to a fifth. Developments in these areas helped offset the negative impact of an average 5 per cent-plus decline in third-quarter revenues.

Although the mood in the U.S. oil industry is considerably more optimistic than it was a year ago, there are still significant differences in performance between the companies and not all of them have adjusted to the new climate in the world oil markets.

In the short term, stock market attention is focused on Gulf Oil, arguably the weakest member of the so-called "seven sisters" – the group of oil companies which once ruled the international oil world. Gulf's stock market performance has disappointed investors in recent years, and a group of dissident shareholders led by Mesa Petroleum, a Texas oil company better known for speculating in oil shares than producing oil, has built up a stake of 10.8 per cent in the group.

The intentions of the group are unclear but it appears that they want to enhance the value of their shares by encouraging Gulf, one of the pillars of the U.S. business establishment, to split itself into smaller operations which would be worth far more in total.

Gulf is preparing for a showdown with the dissident shareholders which could take place at a special meeting in early December. At this meeting shareholders will vote on the group's plans to form a new holding company in Delaware which will protect it from disruptive action by minority shareholders. In the meantime, Gulf executives have been reassuring undecided Wall Street investment managers, that the recovery in profits is now showing through.

The third-quarter net income was up 74 per cent, the company has increased its dividend and Mr James Lee, Gulf's chairman, says that the group's efforts to cut costs and restructure itself over the last couple of years "are beginning to pay off."

The other major U.S. oil company being watched closely by Wall Street is Dr Armand Hammer's Occidental Petroleum, which last year catapulted itself into the big league through the $4bn purchase of Cities Service company. Unfortunately, the combination of falling crude oil prices and high interest rates has given the company problems digesting the deal.

Sohio suffers 10% drop in profits

By William Hall in New York

STANDARD Oil Company of Ohio (Sohio), the large U.S. oil company in which British Petroleum has a majority stake, has reported a 10.7 per cent drop in third-quarter net income to $435m, or $1.76 a share.

Mr Alton Whitehouse, Sohio's chairman, said the strong performance of refining and marketing operations and improved results in metals, mining and coal businesses partially offset reduced production and exploration earnings.

Revenues in the third quarter fell 10 per cent to $3bn and for the nine months 13.6 per cent to $8.9bn. Net income for the nine months fell 16 per cent to $1.19bn.

● Occidental Petroleum, which acquired Cities Service last year and catapulted itself into the top 10 U.S. oil companies, has continued its earnings recovery. Its third-quarter net income totalled $151.8m against $25.1m last year when results were depressed by losses in the group's coal and chemicals business and sharply higher interest charges. Per share earnings jumped from 3 cents to 63 cents.

● Shell Oil, the majority-owned U.S. subsidiary of the Royal Dutch-Shell group, has increased its third-quarter net income by 1.6 per cent to $449m. But earnings for the first nine months are 7 per cent lower at $1.08bn

Drug problems hit Johnson & Johnson

BY PAUL TAYLOR IN NEW YORK

JOHNSON AND JOHNSON, the major U.S. pharmaceutical group, yesterday reported flat third-quarter earnings and sales reflecting, in part, the continuing impact of its decision earlier this year to withdraw its Zomax prescription painkiller from the market.

The company withdrew Zomax from the market in March following reports that five people had died after taking the drug, which had worldwide sales of $82m. Withdrawal of Zomax, which reduced first-quarter earnings by $20m or 11 cents a share, "continues to have an adverse impact on 1983 sales and earnings," Johnson and Johnson said.

It was the second major blow to hit the company. A year ago the company was forced temporarily to withdraw Tylenol capsule products from the market following the tragic death of seven Chicago area residents who took the drug after it had been tampered with and laced with cyanide.

Although the company has reintroduced Tylenol in new tamper-resistant packages and has regained much of its earlier 37 per cent market share, the third-quarter results yesterday provided a further reminder of the incident.

Net earnings were $150.3m or 79 cents a share compared with $96.5m or 51 cents a share a year earlier, when the Tylenol recall cost $50m.

Worldwide sales for the latest quarter also remainted flat at $1.47bn.

The impact of the drug withdrawals is even more apparent in the nine month figures when net earnings were $424m or $2.23 a share, down from $394m or $2.10 a share.

TWA to be hived off

By Our New York Staff

TRANS WORLD AIRLINES (TWA), the biggest scheduled carrier in the North Atlantic, is to be spun off as an independent airline, by its parent Trans World Corporation.

Trans World Corporation sold an initial 19 per cent stake in the company to investors in February at $14 per share. The shares have traded as high as $18 earlier this year, but as speculation has mounted that Trans World Corporation intended to divest itself of the entire airline.

TWA is the single largest part of Trans World Corporation, a conglomerate which also owns the Hilton International Hotel chain, Century 21, a network of real estate brokers, the Canteen Food Services operations and the Spartan restaurant chain. TWA accounts for two-thirds of Trans World's total revenues and its poor performance over the last few years has overshadowed the group as a whole.

In the first nine months of 1983 Trans World Corporation made pre-tax profits of $50.8m on revenues of $3.9bn.

Bruxelles Lambert seeks BFr 6.7bn through rights

BY PAUL CHEESERIGHT IN BRUSSELS

GROUPE BRUXELLES LAMBERT (GBL), the second largest financial and industrial holding company in Belgium, has acted to consolidate its rapid expansion over the past two years with the biggest rights issue ever placed on the Brussels Bourse.

A major portion of the BFr 6.7bn ($128m) it is seeking to raise through a one-for-two issue is already committed, GBL said yesterday.

The issue itself was planned six months ago to take advantage of tax concessions offered on capital raising by the Belgian Government. Over half the group's shareholders are institutions and they had let it be known that they would exercise their rights.

About BFr 1bn will be used to pay for the build-up to 30 per cent of a stake in Banque Internationale Luxembourg. Further funds will be placed with Electrafina, which also is increasing its capital. Another BFr 1bn is likely to be spent on repaying part of GBL's BFr 2.5bn long-term debt, largely where interest rates of over 9 per cent are being paid.

GBL noted that the rights would improve its debt-equity ratio, so that it would be better placed to undertake new projects even if in some cases moderate borrowing was necessary.

Under Belgian regulations, 60 per cent of the capital raised has to be spend in Belgium, if tax concessions are to be applied. Of the balance, GBL will probably spend more in the U.S., where its main vehicle, Lambert Brussels Corporation, has a 36 per cent stake in Drexel Burnham Lambert, the securities company.

The rights issue is GBL's third equity capital increase in less than two years, a factor which weighed in the setting of the subscription price at BFr 1,625, a substantial discount to the company's recent share price level of around BFr 2,300.

GBL's rights announcement follows capital raising exercises by two other major Belgian financial institutions.

Société Générale is raising BFr 8bn through a mixture of share and loan stock offers: its rights issue offers 3.62m shares, on the basis of one-for-three, at BFr 1,500 a share.

And Kredietbank, the third largest Belgian bank, is having a one-for-six rights issue to raise between BFr 2.36bn and BFr 2.47bn.

Commodore advances

BY OUR NEW YORK STAFF

COMMODORE INTERNATIONAL, the U.S. home computer maker, has reported an earnings surge in its fiscal first quarter ending October 1 and expects record results in the next quarter.

But the results disappointed Wall Street. Net earnings were $23.4m or 79 cents a share compared with $14.9m or 44 cents a share in the same period last year, but below the $26.7m earned in the quarter to June 30.

Commodore's sales in the latest quarter more than doubled to $209m from $103.3m.

● Atari, the Warner Communications video game and home computer subsidiary, is to market a series of video games to run on its competitors' machines.

Setback for UAL as Delta increases income

BY OUR NEW YORK STAFF

UAL, the holding company for United Airlines, the largest domestic carrier in the U.S. yesterday reported a decline in third-quarter net earnings while Delta Air Lines, with the help of a $6.5m gain from the sale of aircraft, managed to post a larger than expected profit increase.

UAL, which has been concentrating on expanding its California routes, reported net earnings in the third quarter of $63.8m or $1.77 a share compared with $102.4m – including an extraordinary $36.6m gain – in the same period last year.

The airline said its revenues in the third quarter increased to $1.65bn from $1.47bn in the same period last year.

Delta also reported a significant increase in revenues which grew to $973.2m from $876.5m, which helped the sixth largest U.S. air carrier report a net profit of $10.4m or 26 cents a share in its fiscal first quarter ending September 30.

The first quarter profit included a $6.5m gain on the sale of aircraft. In the 1982 third quarter Delta reported a loss of $16.1m and has reported losses in each of the first two quarters this year.

Mr David Garrett, president and chief executive of Delta, said the turnround at Delta reflected a 7 per cent growth in revenue passenger miles and a 4 per cent improvement in expenses.

He said the traffic growth resulted from the improving economy and to a limited extent, from the difficulties of some of the airline's competitors late in the quarter.

Mr Garrett also revealed that as a result of fare increases and other factors the airline had managed to improve its break-even load factor

The president, speaking at the airline's annual meeting in Monroe, Louisiana, also revealed that during the latest quarter the airline reduced its long-term debt by about $152m.

LTV reduces loss by 14% in third quarter

By Our New York Staff

LTV, the third largest U.S. steel company, reduced its losses by 14.8 per cent in the third quarter to $49.7m from $58.3m, while sales rose marginally from $1.01bn to $1.17bn.

LTV, which is proposing to merge with Republic Steel, reported that its nine months loss amounted to $188.2m against $56.8m in the same period of 1982. On the basis of its continuing operations, however, LTV's nine-month loss reached $243.1m against $66.5m.

Mr Raymond Hay, chairman and chief executive, said yesterday that the reduction in losses both from the previous year and the preceding quarter reflected steady improvement in the markets for steel and energy products and strong growth in the company's aerospace and defence business.

Swedish group bids for stake in Aker

BY FAYE GJESTER IN OSLO

A SHIP and platform building yard in Sweden's state-owned Svenska Varv shipbuilding group is among the bidders for a stake in the Norwegian Aker ship and platform-building concern, which is being restructured and is seeking fresh capital.

The Swedish company, Götaverken Arendal, would like to acquire 20 per cent of Aker's shares, the maximum a foreign partner is normally allowed to hold in a Norwegian industrial company, according to Götaverken's managing director, Mr Rolf Bergstrand.

Aker has recently been reorganising to concentrate on oil-related activities, and Götaverken hopes that a link-up with the Norwegian concern would help it overcome Norwegian protectionist tendencies and win more work in Norway's offshore fields.

The restructuring of Aker will involve a sharp reduction of the 75 per cent stake in the group now held by the Fred Olsen shipping interests. This is expected to take place through a capital write down, followed by placement of new shares worth a total of around NKr 100m ($13.5m).

The Olsen interests are negotiating with a number of prospective partners. Besides Götaverken these are believed to include the Norwegian industrial group Norcem – with interests in oil-related activities as well as the production of cement and building materials – and a number of leading Norwegian banks and insurance companies.

Gambling aids recovery at Ramada Inns

By Our New York Staff

RAMADA INNS, the large operator of U.S. motor hotels, has produced a sharp increase in earnings on more than doubled profits from gambling operations. Net income before extraordinary items amounted to $11.3m in the latest quarter, which the company says is 50 per cent better than the performance in any previous quarter.

A pre-tax gain of $11.2m on sales of hotels and an extraordinary tax item of $4.6m helped boost the group's third quarter net income from $1.76m to $22.0m in the latest quarter. For the nine months, Ramada reports a net income of $13.5m compared with a net loss of $10.9m for the same period of last year.

The group's gaming group income rose from $7.85m to $19.7m in the latest quarter.

Canadian telephone monopoly attacked

BY NICHOLAS HIRST IN TORONTO

THE MONOPOLY position of Canada's two largest telephone companies is under attack following an application by CNCP Telecommunications, jointly owned by Canadian National and Canadian Pacific, for permission to offer cheap long-distance calls.

If the application is granted it will open up telephone services in Canada to the same kind of competition on long-distance calls that has developed as a result of deregulation in the U.S. and is opening up in Britain.

CNCP has asked the Canadian Radio-Television and Telecommunications Commission, Canada's main telecommunications regulatory body, to order Bell Canada and the British Columbia Telephone Company to allow their local subscribers to call into CNCP's long-distance network from their home or office.

Mr Jack Sutherland, CNCP Telecommunications president, said, "We plan to offer services at reduced rates, on average 10 to 20 per cent lower than rates offered by the telephone companies."

CNCP is already allowed to offer telephone services on dedicated private lines for business users, but cannot offer a cheap rate service to the public.

CNCP expects strong opposition to its plans. Mr Donald Cruickshank, Bell Canada's vice-president of corporate communications, said Bell was willing to compete under any system which was in the public interest.

Tenneco loses in quarter

By Our New York Staff

TENNECO, the Houston-based conglomerate, has suffered a drop of more than one fifth in its net income from continuing operations in its third quarter. Lower earnings from energy operations and lower profit margins on construction and farm equipment left the total at $159m.

Revenues in the third quarter fell from $3.6bn to $3.4bn. For the nine months revenues are 4 per cent down at $10.6bn

Scanvest-Ring issues private placement

BY FAY GJESTER IN OSLO

SCANVEST-RING, a fast-growing Norwegian company which markets computer and office equipment, has increased its share capital by NKr 3.5m ($476,190) to NKr 18m through the private placement of 350,000 new shares, par value NKr 10, at a price of NKr 450 each.

The NKr 157.5m of fresh capital thus raised has come largely from abroad. Only 10 per cent of the new shares were placed in Norway, and these went to institutional investors. Scanvest-Ring has applied for an "ordinary" listing on the Oslo bourse. At present, it it quoted only on the so-called "brokers' list." In Sweden, where 75,000 shares have been sold, the company will shortly be quoted on the Stockholm Exchange. The remaining 240,000 have been placed in the UK, Belgium, Switzerland, West Germany and the U.S.

Scanvest-Ring, formed earlier this year by the merger of Scanvest EDB, a computer specialist, and Gustav A. Ring, producers of intercom systems and telecommunications equipment, has since acquired or merged with other firms active in related fields, such as the Danish subsidiary of Datapoint of the U.S., and Carl Lamm AB.

It expects a profit this year of NKr 33m on sales of NKr 450m, compared with NKr 14.1m on sales of NKr 183m last year.

The company recently secured permission from the Norwegian authorities to increase from 20 per cent to 40 per cent the maximum proportion of its share capital that can be held by foreigners.

Sharp fall for Activision

By Louise Kehoe In San Francisco

ACTIVISION, a California video game maker, has suffered a sharp reverse in its second quarter to October 1, with a net loss of $4.1m or 13 cents a share against profits of $4.4m or 15 cents.

The latest loss comes after a tax credit of $3.8m, and takes six-month results into the red at $3.9m or 12 cents a share, against a profit of $8.7m or 29 cents. Sales in the latest quarter dropped from $32.1m to $13.2m, and for the six months from $62.7m to $39.5m.

Mr Jim Levy, president, admits that the current problems of the video game market have affected Activision adversely. A "growth oversupply of games has substantially reduced access to retail shelf space," he says.

INTERNATIONAL COMPANIES and FINANCE

Modest advance by Australian Guarantee

BY LACHLAN DRUMMOND IN SYDNEY

AUSTRALIAN Guarantee Corporation, the largest finance company in the country, ended its year to September 30 with a modest 1.2 per cent gain in net earnings from A$86.3m to A$87.3m (US$80m).

The result included A$1.2m from Ceneral Credits, the financier bought from AGC's 70 per cent shareholder, Westpac Banking Corporation, on July 1, as well as the costs of integrating the new subsidiary. But it mostly reflected the effects of recession through poor demand for fnnds, higher interest costs and a jump in bad debt write-offs from A$20m to A$38.6m.

Debt charges declined from $20.8m in the first six months to A$17.8m in the final half-year, however, allowing the group to post an 11 per cent increase in earnings to A$45.7m for the final period to offset the opening six months 7.8 per cent decline.

The result was most heavily affected by a plunge in ACC's direct property development ventures as well as a downturn in lending to this sector.

Its other financing interests managed to lift earnings in line with the 5.3 per cent growth in net receivables to A$3.9bn for solely AGC operations.

Interest charges rose in the year by almost 25 per cent from A$405m to A$520m.

The dividend is maintained at 11 cents, with a steady final of 5.5 cents a share. Per share profit was 34.5 cents against 35.4 cents.

● The Australian Government bas approved Bank of America's bid to acquire the 36 per cent of shares in BA Australia, the merchant bank, which it does not already own, AP-DJ reports.

Approval was also given for G. J. Coles, the Australian retailer, to buy a 25.1 per cent stake in BA Australia. As a result, the bank will be 74.9 per cent owned by Bank of America and 25.1 per cent by Coles. Until now Kleinwort Benson of the UK held 26 per cent of the shares and Dai-Ichi Kangyo Bank of Japan had 10 per cent.

Japanese electrical majors well ahead

By Yoko Shibata in Tokyo

JAPAN'S three major integrated electric appliances manufscturers reported improved earnings in the first balf-year ended September 30, thanks to brisk sales of semiconductors and office automation equipment which for the first time surpassed sales in beavy electric machinery.

Hitachi especially showed a marked improvement in sales and earnings. Recurring profits surged by 19 per cent to Y89.5bn ($385m). Net profits were 15 per cent higher at Y41bn on sales of Y1,280.97bn, up 11 per cent. Profits per share were Y14.63, against Y13.90 a year ago.

Seles of home electric appliances advenced by 12 per cent to account for 23 per cent of total sales. VTR sales were particularly strong, with turnover in the U.S. tripled.

Information and communication sector sales moved up by 24 per cent to account for 32 per cent of the total. Semiconductor sales totalled Y157bn, up 34 per cent, and full-year semiconductor sales are projected at Y330bn, up 33 per cent, with overseas turnover accounting for about one-third. Computer sales tntalled Y207bn, up 27 per cent, and full-year sales are projected at Y425bn, up 17 per cent.

Hitachi's exports improved by 14 per cent to account for 32 per cent of total turnover.

Capital outlay for the current year is expected to total Y140bn, up 16 per cent from fiscal 1982, with a Y60bn outlay in the first six months. Research and development expenditure for the year is seen at Y185.4bn.

For the full year ending March, Hitachi projected recurring profits nf Y179bn, up 14 per cent. Net profits are expected to rise by 10 per cent to Y82bn on sales of Y2,570bn, up 10 per cent.

Toshiba reported better than expected earnings and foresees a rapid recovery for the full fiscal year. Half-year recurring profits were up by 2 per cent to reach a record of Y46.82bn. Net profits were Y25.02bn, up 1 per cent, on record sales of Y938.97bn, up 7 per cent. Net profits per share improved to Y10.2 from Y8.62.

Sales of electronic components and industrial electronics surged by 22 per cent to account for 34 per cent of the total.

A rise in volume sales overseas wiped out the negative effects caused by the recent appreciation of the yen.

Toshiba foresees further improvement in sales of electronic components in the second half-year. It expects full-time recurring profits of Y96bn, up 16 per cent and net prcfits of Y51bn, up 10 per cent, on sales ahead 15.6 per cent at Y2,050bn.

Mitsubishi Electric improved half-year recurring profits by 2.5 per cent to Y24.16bn. Net profits were Y12.26bn, up 3.4 per cent, on sales of Y707.23bn, up by 5.1 per cent. Net profits per share were Y7.69, against L7.53.

Sales in the electronic components and industrial machinery improved by 14 per cent to occount for 37.5 per cent of total turnover, thanks to strong sales of computers.

For the current half-year ending March, Mitsubishi expects continued strong sales of semiconductors and office automation equipment with brisk exports. Full year recurring profits are projected at Y53bn, up 5.2 per cent. Net profits are seen at Y27bn, up 7.6 per cent, on sales of Y1,560bn, up 12 per cent.

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Limits on VTR exports hurt JVC's profits

By Our Tokyo Staff

VICTOR COMPANY of Japan (JVC) has reported a 32.3 per cent drop in net profit to Y8.04bn ($34m) in the first half year ended September 1983, as a result of the blow to video tape recorder sales from Japan's votuntary limitation of exports to Europe.

JVC's half year pre-tax profits were down by 26.6 per cent to Y18.5bn Sales at Y260.73bn, were up by 1.9 per cent from the previous year. Net profits per share for the period fell to Y38.61, from Y57.03 in the previous year.

During the half year, the company's andio equipment sales showed a rapid recovery, rising by 17 per cent to account for 20 per cent of the total turnover. Sales of television sets also fared well, increasing 8 per cent to account for 10 per cent of the total.

However, VTR's, the mainstay of JVC's sales, dropped by 2 per cent to account for 66 per cent of the total.

In the current half year ending March 1984, JVC is shifting its sales efforts for VTRs to the U.S. from the European market.

JVC hopes VTR sales in the second balf year will increse by Y20bn over tbe first half. Full year nct profits are expected to reach Y17bn, down by 11 per cent, on forecast full year sales of Y540bn, up by 8.5 per cent from the previous fiscal year.

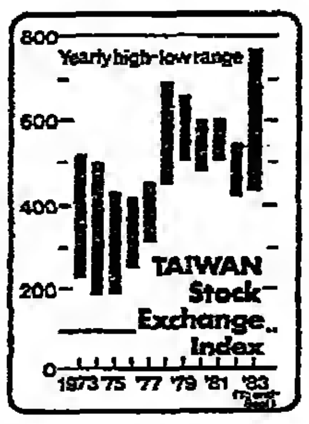
Taiwan opens its market to foreign investors

BY ROBERT COTTRELL IN HONG KONG

THE TAIWAN stock market is opening its doors to international investors. Arrangements are now being completed for the issuing of units worth U.S.$41m in a new unitised investment fund which is the first authorised vehicle for portfolio investment in Taiwan stocks by non-resident foreigners. While it has been possible in the past for foreigners to buy Taiwan stocks, government regulations have been so restrictive as to make such investment unattractive.

The new fund, called the "Taiwan (R.O.C.) Fund," is backed by nine international financial institutions in partnership with six Taiwanese banks and one overseas Chinese finance company. While the fund will operate under some restrictions—notably a provision forbidding the redemption of units beld for less than twn years — its backers have secured the government's agreement to a major liberalisation of the conditions under which foreign interests can trade Taiwan stocks.

The international institutions are led by Credit Suisse First Boston and Vickers da Costa. Vickers is broker to the fund. Together, the nine foreign firms own 49 per cent of the International Investment Trust Company (IITC), established to manage the fund. The remaining 51 per cent of IITC is nwned by six Taiwanese banks, and one overseas Chinese finance bouse.



Three of the Taiwanese banks are government-owned, giving the Taiwanese Government control over one-third of IITC's equity. The president of IITC is Mr Robin Hall, brought in from the London merchant bank Robert Fleming which is one of the participating foreign institutions.

This first major step towards liberalisation of the 21-year-old Taiwan stock market follows four years of government deliberation, originally sparked by lobbying from local investors and securities firms. The liberalisers' case was strengthend by the opening-up to foreign investors of the Korean stock market in 1981. In 1982, Taiwan's senior policy-making body, the Executive Yuan, approved a gradual opening-up of the local market to overseas interests, starting with indirect purchases through an authorised investment trust—the development now taking place.

The Taiwan (R.O.C.) Fund—R.O.C. stands for Republic of China, the name by which Taiwan prefers to be known—operates within guidelines agreed with the Taipei Government. Most significantly, investors must hold units for at least two years before redeeming them. The fund cannot hold more than 10 per cent of its assets in any one company, nor own more than 10 per cent of any one company's shares. The fund must observe a minimum liquidity margin specified by Taiwan's Securities and Exchange Commission—a level currently fixed at 10 per cent.

A relatively straightforward tax situation has been agreed with the Taiwan Covernment. The fund's dividend and interest income will attract a tax rate of 20 per cent, the rate applied by Taiwan to non-resident foreigners. Taiwan also bas on its statute books a 35 per cent tax levied on net gains from securities trading. The Covernment has, bowever, suspended this tax in respect of non-professional investors for each year since 1976, in order to stimulate the stock market. The fund will benefit from this suspension: and, if the tax is reimposed, the fund is guaranteed an exemption until 1990. The fund will pay no other income or withbolding tax.

How the exchange works

THE TAIWAN Stock Exchange (TSE) currently lists 119 companies with a total market capitalisation of some $7.5bn—making it larger than Korea thongh mnch smaller than Hong Kong nr Singapore. There are 27 locally-licensed stockbrokers, nf which 14 are pure brokerage houses and 13 banks which also offer a broking service. As well as common stocks, reflecting the broad spread of the economy, the exchange also quotes 51 bonds, though these accounted for only 0.4 per cent of turnover in 1982.

According to estimates made by Vickers da Costa, qnoted Taiwan companies tend tn be highly-geared and highly-rated by international standards. The average debt/equity ratin of the 59 leading companies between 1978-81 ranged from 3.4:1 to 5.8:1. Exclnding the highly-geared banks, the ratin would fall to the 2:1-3:1 range.

Corporate profits fell by 37 per cent in 1981 and a further 97 per cent in 1982, pushing average price earnings multiples np from around 11 in 1980 to a Vickers estimate of 49 in 1982. Basing its calculations on March 1983 share prices, when the Taiwan Stock Exchange index stood at 620, Vickers estimates an overage prospective p/e this year of around 24.

While profits are likely tn rebound sharply this year—Vickers estimates a near-fourfold improvement—share prices have also risen. The TSEI now stands around 700, having traded in the mid-400s in the closing quarter of last year.

A significant feature of trading is a limit of 5 per cent on the movement of a share price in a single day.

The stock market is said by brokers tn be rife with rumonrs and ramps, with rigorous corporate research still in its infancy. It is only this year that companies are being dragooned into fully consolidating their accounts.

North American quarterly results

AMERADA HESS

Third quarter	1983 $	1982 $
Revenue	2.35bn	2.12bn
Net profits	75.14m	80.13m
Net per share	0.88	0.95
Nine months		
Revenue	6.1bn	6.28bn
Net profits	148.34m	125.05m
Net per share	1.75	1.49

AMERICAN NATURAL RESOURCES

Third quarter	1983 $	1982 $
Revenue	606.2m	526.3m
Net profits	18.8m	17.7m
Net per share	0.77	0.74
Nine months		
Revenue	2.4bn	2.3bn
Net profits	120.3m	113.3m
Net per share	4.95	4.78

BALLY MANUFACTURING

Third quarter	1983 $	1982 $
Revenue	402.8m	394.5m
Net profits	10.1m	29.5m
Net per share	0.38	1.02
Nine months		
Revenue	915.1m	1.04bn
Net profits	17.3m	81.2m
Net per share	0.66	2.85

CHAMPION SPARK PLUG

Third quarter	1983 $	1982 $
Revenue	182.3m	184.1m
Net profits	9.2m	5.98m
Net per share	0.24	0.16
Nine months		
Revenue	553.8m	595.4m
Net profits	14.84m	20.59m
Net per share	0.39	0.54

CLEVELAND ELECTRIC

Third quarter	1983 $	1982 $
Revenue	361m	299m
Net profits	72m	57m
Net per share	1.14	1.02

COMPUTERVISION

Third quarter	1983 $	1982 $
Revenue	104m	79.8m
Net profits	9.09m	6.81m
Net per share	0.32	0.25
Nine months		
Revenue	282.4m	243.5m
Net profits	24.9m	25.19m
Net per share	0.87	0.92

DIAMOND SHAMROCK

Third quarter	1983 $	1982 $
Revenue	1.01bn	773.2m
Net profits	39.7m	42.3m
Net per share	0.43	0.66
Nine months		
Revenue	2.85bn	2.42bn
Net profits	73.9m	138.9m
Net per share	0.98	2.21

GENERAL RE

Third quarter	1983 $	1982 $
Revenue	420m	389.9m
Net profits	47.98m	52.79m
Net per share	1.08	1.17
Nine months		
Revenue	1.21bn	1.11bn
Net profits	154.5m	148.0m
Net per share	3.43	3.36

GULF CANADA

Six months	1983 C$	1982 C$
Revenue	3.76bn	3.7bn
Net profits	175m	187m
Net per share	0.77	0.89

MESA PETROLEUM

Third quarter	1983 $	1982 $
Revenue	95m	98.7m
Net profits	44.17m	20.41m
Net per share	0.66	0.43
Nine months		
Revenue	302.9m	293.7m
Net profits	97.14m	91.20m
Net per share	1.46	1.35

NORTHWEST AIRLINES

Third quarter	1983 $	1982 $
Revenue	648.7m	575m
Net profits	45.05m	27.91m
Net per share	1.93	1.25
Nine months		
Revenue	1.64bn	1.4bn
Net profits	38.5m	7.55m
Net per share	1.71	0.36

PANHANDLE EASTERN

Third quarter	1983 $	1982 $
Revenue	808m	787.1m
Net profits	22.08m	48.59m
Net per share	0.53	1.19
Nine months		
Revenue	2.49bn	2.8bn
Net profits	110.6m	184.6m
Net per share	2.65	4.51

TYMSHARE

Third quarter	1983 $	1982 $
Revenue	65.5m	68.1m
Net profits	†2.2m	2.3m
Net per share	—	0.19
Nine months		
Revenue	217.2m	231.7m
Net profits	†130,000	11.1m
Net per share	—	0.93

† Loss

UNIROYAL

Third quarter	1983 $	1982 $
Revenue	508.1m	471.2m
Net profits	12.7m	4.3m
Net per share	0.38	0.12
Nine months		
Revenue	1.5bn	1.40bn
Net profits	36.3m	31.6m
Net per share	1.11	1.05

U. S. GYPSUM

Third quarter	1983 $	1982 $
Revenue	424.4m	341.7m
Net profits	38.2m	11m
Net per share	1.08	0.05
Nine months		
Revenue	1.18bn	983.4m
Net profits	95m	29.4m
Net per share	3.09	1.02

JIM WALTER CORP (JWC)

Fourth quarter	1982-83 $	1981-82 $
Revenue	578.5m	605.5m
Net profits	26.5m	26.3m
Net per share	1.53	1.57
Year		
Revenue	2.06bn	1.90bn
Net profits	70.6m	46.4m
Net per share	4.06	2.86

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

David Marsh talks to the new chairman of Poclain, France's struggling construction equipment group

An American in Paris

THE CHAIRMAN'S hot seat at Poclain, France's financially-troubled construction maker, is now occupied by an action-packed all-American frame. In a further tilt at Gallic orthodoxy, it is sometimes displayed in the appropriately steamy surroundings of the workers' shower room.

New Jersey-born David Bigelow, 52, a senior executive at Case-Tenneco of the U.S. which is Poclain's main shareholder (with 40 per cent), took over this summer as part of a plan to dig Europe's leading manufacturer of hydraulic excavators out of trouble.

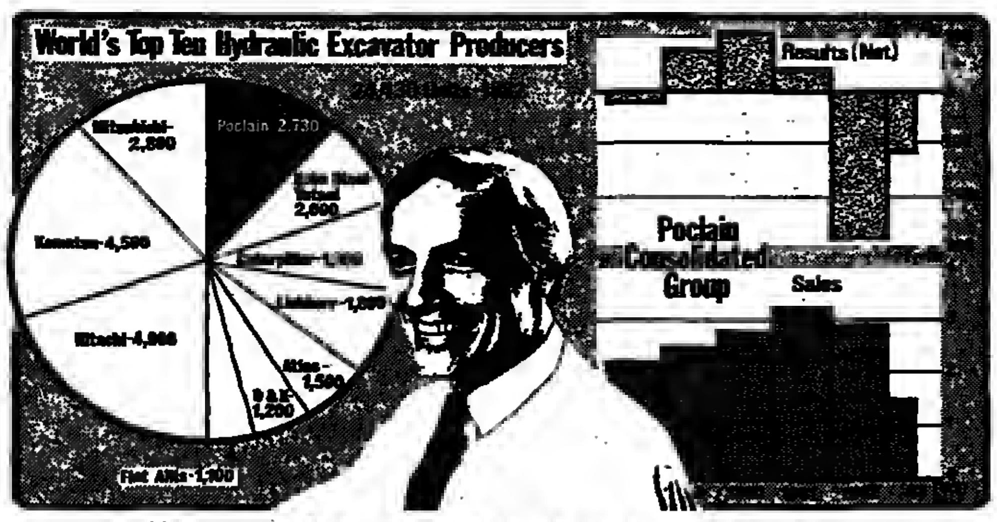
Before the first oil crisis a decade ago, Poclain, which also makes cranes and hydraulic components, was one of the brightest jewels on the world construction scene. Since then it has been paying the price for previous over-rapid expansion on the back of an inadequate capital base.

The company has been forced to make drastic workforce cuts, and a major rescue package—involving FFr 680m (£57m) in capital injections and loans from shareholders and French banks—was put into place during the spring. But Poclain is still losing money heavily as a result of the continuing international downturn on building markets and fierce competition from low-cost Japanese producers.

Big and broad-beamed Bigelow, with a craggy grin that looks more suited to catching the attention of waitresses than selling hydraulic shovels, likes to be called "Dave" by French fellow executives. Raising some eyebrows at Poclain's headquarters at Le Plessis, north of Paris, after jogging sessions he occasionally drops in to shower in the workers' wash rooms.

Bigelow's role at Poclain will be to combine informal charm with no-nonsense American management grit. The aim, he says, is to reduce the company's production costs by about 20 per cent over the next few years.

In a market where demand is unlikely to improve at least for another year, more painful cuts in the workforce look inevitable. Case, the construction machinery arm of the Houston-based Tenneco energy group, aims to strengthen links with Poclain in areas like distribution and components supply. But the Communist-backed CGT trade union, claims that this strategy, together with plans to concentrate on key product lines and to slim or close unprofitable plants, will end up turning Poclain mainly into an assembly plant for equipment bought from the U.S.



Dave Bigelow: "We will have a very significant loss this year. We have to stop it."

The CGT greeted Bigelow's arrival by distributing caricatures portraying the new boss as a slick-looking gun-slinger on the front of a dollar bill, and calling for action against "the law of tha dollar."

Bigelow declares that the short-term goal is one of consolidation. Streamlining is the only way. "If we don't do it we're not going to succeed."

"Poclain is going to have to make money in the market as it exists. We can't rely on a recovery to solve all our problems—I can't see that one is going to happen, either France or globally."

But longer term he aims to put back some dynamism into a company ravaged by the setbacks of the last few years.

Bigelow already knows Poclain. He served as managing director between 1978 and 1981 after Case-Tenneco took its stake—after a previous financial crisis at the company—in 1977.

But his appointment as chairman, announced in May, adds up to a clear break with the past. Bigelow replaces Pierre Bataille, previously in the job since 1967, who himself is the son of Georges Bataille, the founder of tha firm in 1927.

Pierre Bataille is staying on as chairman of Poclain's supervisory board. But a new four-man management committee, headed by Bigelow, now takes charge of operations.

"The company has left the family domain. That constitutes a juncture. It's not just Dave Bigelow at the head. Existing people are being used in a different way. It's not just one person, but the way of approaching things has changed."

Bigelow pays tribute to the way the company was built up. "We are here where we are because of decisions taken in the past. I would not be here talking to you about our being the No 1 European producer if past management had not been effective."

But Bigelow's past experience—before he joined Case, he worked for management consultants, McKinsey, and agricultural equipment giant, Massey Ferguson—has given him plenty of opportunity to analyse causes of changing corporate fortunes.

"Things have changed. Poclain needed new management. The decision has been taken. We are getting on with it. Companies need different people at different times. It is very seldom that a chief executive can adapt to changes over a 20-year cycle."

Poclain lost an overall FFr 283m last year, almost twice its share capital before it was raised (to FFr 409m from FFr 157m) earlier this year.

The financial rescue package involves substantial equity contributions from Tenneco and French banks (which now own 25 per cent of the capital), together with the injection of Saudi Arabian money from tha Emir Zeid Sudairi. It was worked out on the basis of Poclain breaking even towards tha end of this year.

Tha package was put together only after months of tortuous negotiations with the Industry and Finance Ministries. Poclain staff in France and abroad, which at tha 1974 peak totalled more than 10,000, has been pruned by 1,200 over the past two years to around 6,000 at present.

Now, however, it appears as though the process will have to start again. For the first half of 1983 the company announced a net loss of FFr 112m as the hoped-for recovery in excavator demand failed to materialise. "We will have a very significant loss this year," says Bigelow. "It can't continue. Starting from the beginning of 1984, we have to stop the haemorrhage."

"In 1982, we didn't lose much market share, but suffered from the overall fall in sales. Margins didn't deteriorate that much. In 1983, the fall in the world market has been confirmed and accentuated. And we've had a very sharp fall in margins, pushed down by the Japanese."

Over the 1979-1983 period, the total size of the world excavator market (in which Poclain's share is about 14 per cent) has shrunk by 31 per cent. Apart from aggressive pricing and entry on to European markets by Poclain's main Japanese competitors (Hitachi, Komatsu and Mitsubishi), the French group has been hit particularly hard this year by a sudden drop in the French market which still accounts for around 40 per cent of its worldwide sales.

Over the past three or four years, overall French excavator sales had been fairly steady, cushioning Poclain against the full effects of the world slide. But this year, following the sharp French shift to economic austerity, the bottom has dropped out and total French excavator sales look like plummeting by 27 per cent.

A key element of the survival strategy, according to Bigelow, is to "put money on a limited number of hard-hitting points. It implies that we will hold these markets in well-defined products as a clear priority."

Poclain's Crépy excavator plant (close to Le Plessis), the biggest and most modern of its eight plants in France, will be singled out for the lion's share of fresh investment next year. New spending has been practically halted during the past few months — it will amount to no more than about FFr 50m for 1983. But starting from 1984 Bigelow aims to bring in robots and flexible automated production techniques "to attack ferociously the question of costs."

Over thorny labour problems, Bigelow admits that, as an American, he is an "easy target" for French trade unions. But he feels he has "reasonable contact" with the CGT. "Sitting across a table, I can talk." Language barriers can add to communication problems. But assiduous tuition, says Bigelow, is starting to pay off. "I'm getting to the stage where colleagues feel it's all right to correct my French. Before, it was so terrible, they didn't bother."

As for negotiations with the Government and banks, always decidedly complex in France even among perfect French speakers, Bigelow believes that his American-ness can help speed things up. "The fact that I'm impatient, pushing for this and that — they expect it; it doesn't constitute a surprise."

Umbro goes for goal

Ian Hamilton Fazey describes how a retired accountant is reviving an ailing sportswear company

WHEN Arnold Copley retired last year as a London-based partner in the accounting firm Price Waterhouse many people must have questioned his next move.

For far from accepting a non-executive directorship in some cosy company in the south east of England, Copley insisted on taking the "hot seat" in a Northern business deep in the mire of short-time working, redundancies and factory closure.

Today, the company he runs is working flat out at its four surviving factories in the North West and recruiting staff. And though management is still deciding which direction the business should ultimately take, Copley has at least ensured that it is making profits while this longer-term strategy is developed.

The company's near demise may seem surprising since every year the flattened double diamond of Umbro International is flashed before the eyes of millions of TV viewers by players in many British soccer, rugby union and rugby league teams.

Why then should the company have been in trouble? The answer is that even though soccer is not dying on its feet the market it generates is not expanding and an increasing number of companies have been fighting for the available business. The peak year was 1966 when Umbro kitted out every team in the World Cup Finals except the Soviet Union but ever since then it has been a tough downhill struggle. Until, that is, Arnold Copley got to work.

His basic approach is the result of applying a classic lesson of management traning, the sort taught by business schools throughout the world. Rather than textiles for soccer players, Umbro's business has been redefined as clothes for leisure, some of which happen to be worn for competitive sports.

Copley says: "People spend money on leisure when they won't spend it on anything else. So we have gone into leisure, particularly ladies' leisure, catching the jogging and keep fit boom. Basically, we are making fashionwear to sportswear specifications and selling it in the High Street."

But having got good new products — no one disputes Umbro's quality and design — it was still crucial to pick the right channels to market them.


Arnold Copley: going after the leisure market

Copley says: "The sports retail trada is not highly capitalised and has low skill levels and a poor image. We decided to extend out from conventional sports shops, and, indeed, sports alone.

"We have moved into High Street multiples that sell ladies' fashionwear, and which can put down bigger orders. We use good fabrics and good designers—cosmetic aspects are so important."

Copley originaly knew Umbro from the auditor's side of the fence in Manchester. But though he moved to London in 1975 he kept his family home in Cheshire and subsequently through his golf club membership in that part of tha world came into social contact with the Humphrey family, owners of Umbro.

Harold C. Humphreys founded Umbro 60 years ago from rooms above a pub in Mobberley and quickly sewed up a profitable market share in football jerseys. Along with another local company Bukta, Umbro virtually had the market to itself until the early 1970s.

At this stage, however, Admiral pioneered the "replica" system, which works via copyrighted designs for football teams such as England, Liverpool or Arsenal. The team concerned gets 10 per cent of the wholesale selling price of copyrighted jerseys, with a guaranteed minimum. Sales are to club and school sides, most of which by at least one set of jerseys per season.

Umbro's problems were compounded by the premature death of one of the Humphreys' heirs, which effectively dampened corporate development from 1979. Although the company had widened its range and gone into schoolwear, this alone had not been enough.

When Copley was approached to help sort things out he agreed—on the condition that he was appointed chief executive with full managerial control. Key personnel say that the company now has a sense of direction that was lacking before and has more regard for what was formerly its principal "weak area"—marketing.

Copley is also determined that the company's management should be big and broad enough to develop proper long-term succession—an essential policy when the chief is 61 and his commitment cannot, therefore, range beyond the medium term. His "grow your own" approach has resulted in a recruitment programme to attract graduates with interests in sport and leisure as trainees.

He also stresses the "Made in Britain" strengths of the company—Umbro uses British designers and yarn suppliers—as a weapon against foreign-owned competitors.

At present about one-eighth of Umbro International's £10m annual turnover goes abroad. Copley has set a corporate goal at least to double the proportion.

Sales growth is already evident, with volume 10 per cent up on the previous 12 months and revenue 30 per cent ahead. Productivity improvements are in the pipeline too. Investment in modern plant will enable more garments to be cut from a given area of cloth, while order processing and stock control have been computerised. At £140,000, total investment costs have been beyond anything in Umbro's history.

These, however, are early days and the recovery is only beginning.

Copley says: "We are still talking about where our best future lies. One of our problems is that we cannot afford to take time off the job to do our planning. But everyone now realises that the managers themselves have got to do it, believe in it and then live with it afterwards. There can be no alibis."

UK COMPANY NEWS

£0.8m rise for De Vere as recovery gains pace

THE RECOVERY which began a year ogo at De Vere Hotels and Restaurants hes gathered momentum in the current year, the directors report.

For the nine months ended September 30 1983 the orofit before tax has shown o five-fold odvance, from £314,122 to just over £1m, on turnover ahead £1.28m at £15.38m.

The directors are keeping the interim dividend at 3p net per share. But holders registered December 2 will participote in e 1-for-5 scrip issue, and the new shares will qualify for the final paymeot which is expected to be held at not less than 3p.

After tax of £402,179 (£85,649) net profit for the nine months came out et £603,268 (£128,473), of which the interim aosorbs £347,823.

In the year 1982 the company bad started its recovery with profit up from £538,000 to £1m.

● comment

Running hotels involves very high fixed overbeads, so o 9 per cent increase to votumes at De Vere hos led to e near quintupling to pre-tax profits. The figures are flottered by the elimination of £100,000 of losses—due chiefly to tha disoosal of the Castle Hotel—but occupancy rates were olso up slightly to around 55 per cent, while tariffs were raised by about 7.5 oer cent. The real improvement in demond came from the conference trade, where activity tends to be highest in the current quarter, and from the London restaurants, which hed their best summer for o decade. The revamped Connaught made a small loss, but is now trading profitably and should break even for the year. The shares are trading at an all time bigh of 271p up 8p, and the directors are aware that this might be a propitious time to accept any bids for the 62 per cent of the group they own. De Vere says it is open to eporooriate offers. If the group makes £2.5m pre-tax for the yeor, the prospective pe is over 20 oo a 40 per cent tax charge.

ICI ahead by £242m at nine months

FOR THE first nine months of 1983, pre-tax profits of Imperial Chemical Industries increased to £445m, compared with £203m for the corresponding period last year.

Third-quarter profits of £147m were well up on the £58m made in the same three months of 1982, but were £23m lower than for the previous quarter.

Group sales for tha nine months totalled £6.1bn, against £5.45bn, with the third quarter result up from £1.8bn to £2bn. Second-quorier sales were £2.08bn.

Chemical trading produced a substantial increase in profits which resulted from on improvement in performance in most businesses compared with the lower trading experienced during 1982.

Chemical sales in the third quarter amounted to £1.77bn. These were at a similer level to the first three months, but £130m lower than in the seasonally strong second quarter. Most of the reduction arose in Continental Western Europe where the third quarter tends to be weak.

Nine menths chemical sales totalled £5.48bn—an increase of £676m over the first nina months of 1982. Volume accounted for 7 per cent of this advance and exchange effects arising from the wesker pound for most of the balance.

Oil orofits for the nine months rose sharply from £48m to £73m. The third quarter contribution was £26m (£23m in second quarter) after Petroleum Revenue Tax of £47m (£37m).

In the third quarter most group businesses performed reasonably in tha current economic environment, with perticularly good results again being ochieved to the pharmaceuticals business.

Trading conditions remain difficult in the group's fibres, organic chemicals and petrochemicals ond plastics busioesses. However, its worldwide petrochemicals and plastics results improved to break-even for the third quarter, compared with losses of £10m in each of the first two quarters of 1983.

Net attributable profits of the group climbed from £116m to £259m for the nine months. Tox charge more than doubled from £70m to £154m, while minorities took £13m (£17m) ond there was an extraordinary debit this time of £19m.

Earnings per £1 share, before the extraordinary item, were up sharply from 19.4p to 45.8p.

The extraordinary debit comprised a provision of £40m representing the remaining book valoe of CI's 37.5 per cent equity stake in the Corpus Christi Petrochemical Company aod related facilities in the U.S., reduced by profits arising on various divestments—including the recently announced U.S. oil and gas interests.

Depreciation charged rose from £297m to £325m.

See Lex

HIGHLIGHTS

The Government is planning to sell half its remaining shareholding in Cable and Wireless to bring itself on target for £1½bn of asset disposals in this fiscal year. Lex comments and then turns to the latest figures from ICI where the third quarter was much better than the market anticipated with profits of £147m. Royal Insorance is buying further in the North American insurance market with e $50m purchase of a south mid-west company. Finally Lex looks at Japanese electrical companies reporting encouraging figures for tha six months to September showing e strong growth from VCRs and semi-conductors sales. Elsewhere Sun Life has come up with an agreed bid for North British Properties.

Near £1m profit increase for McKechnie

WITH A repeat of the first half increase, McKechnie Brothers has lifted its pre-tax profit by £958,000 to £11.07m for the year ended July 31 1983. The final dividend is beld at 5.2765p, the minimum forecast on the capital increased by the recent 1-for-5 rights issue; this maintains the total at 7.2765p.

The group trades internotionally and is primarily engoged in the manufacture of semi-finished and finished products in nonferrous and ferrous metals and plastics for the building, electrical and engineering Industries. Turnover moved aheed from £154.6m to £168.11m and operating profit rose by £2.47m to £10.38m, including surplus on unsold metal stocks £538,000, egainst a loss of £40,000.

Interest eharges showed little change at £2.72m, but there was a reduction from £5.07m to £3.42m in the contribution from the associates, which cut the increase at the pre-tax level.

Many of the factors which beld back profits were unusual events, and a number of loss-making situations bove been eradicated, the directors report. A number of the group companies finished 1983 with generally imoroving troding trends.

"Although we see no clear signs of any substantial recovery in the economies of any of our geographic locations, we have started 1983-84 on a brighter note," they state.

Aftar tax £4.14m (£3.31m) and minorities eredits £28,000 (£180,000 debits), there was a profit attributable of £6.9m (£6.63m) subject to extraordinary charges of £534,000 (£925,000 credit). The ordinary dividend absorbs £4.16m (£3.62m). Earnings are 13.6p (13.1p) basic and 14.4p (15.4p) nit distribution basis.

● comment

It bas been o defensive year of consolidation for McKechnie oroviding little excitement for sharebolders. But the management is bopeful thot its strotegy, toeluding o £10.23m rights Issue in May and the £6.5m ourchase of IMI's brass rod interests in August, should start coming to fruition this year, compensating for any dilution of sbares. The IMI purchase does not feature in these figures, and the metals division contribution remained unchanged et £2.4m. Once rationalisation of the brass rod interests is completed, keeoiog tbe most cost effective equioment and disposing of the rest—McKecbnie will be left witb 40 per cent of market share up from 23 per cent. The plastics and consumer division bas shown all tbe growth this year with profits up from £2.6m to £5.3m and demand at oresent is 'not bad ot all' according to finance director Mr L. Milner. The UK contribution to profits has more than doubled from £3m to £7m wbilst recession hit New Zealand and South Africe both showed e big drop in total from £7m to £4m. The market, disappointed with tbe maintained dividend, marked the shares down 2p to 122o baving gained a couple of penee ahead of the figures. The yield still looks attractive at 9 oer cent.

Solex cuts loss

Pre-tax losses of Sotex were eut from £770,000 to £151,000 in the six months to June 30 1983. Sales of the company, which is ultimately held by Matra SA (France) through CIP, inereased to £6.04m, against £5.62m.

Coates sees upturn after first half decline

THE "very depressed" trading eonditions experienced by Coates Brothers in the UK towards the end of 1982, have continued into 1983. This is reflected in the company's pre-tax profits for the six months to June 30. These have fallen from £4.5m to £3.87m, a 14 per cent decrease.

The directors say that overseas profit, though lower than in the second half last year due in usual seasonal factors, remained buoyant and was 9.2 per cent up on the same period last year.

They say the overoll outlook is better than a year ago. In the UK, a slow recovery has become evident in the last few months, while steady progress overseas hos continued. It is encouraging, they add, that Australia bos now returned to profit.

Present indications are that the group's ore-tax profits for the whole of 1983 will be similar to the £8.24m reported in 1982.

Group turnover in the first half improved from £59.35m to £66.4m. Tax was down from £2.1m to £2.05m, and after minorities of £170,000 (£179,000), the ettributable profit came out loter at £1.65m, compared with £2.22m. The interim dividend is unchanged at 1p net—last year's total was 3.42p.

● comment

Is the worst over at Coates? While this question bas been uppermost for three years now, the latest set of half-time results bint that e UK recovery could at last be under way. Certainly, the signs are bopeful, with both inks and resin orders firming up in every month since June. Although tha reasons ore difficult to pin down, it could reflect new bnoyancy in the paekaging and peint sectors alongside the consumer spending spree. In the short term the company's recovery prospects deocnd very mucb on whether tbis underlying trend sustains itself because the important Afriea interests are suffering from local economie difficulties. It is also still too early to look to the fledgling U.S. ventnre, where Coates elearly has to aim if it is to find new markets. On e same-again result this year the shares sell on o prospective p/e of over 7 at 75p.

Probe urged in Burnett share deals

Stockbrokers Capel-Cure Myers have requested the Stock Exehange to investigate recent dealings in the shares of Burnett and Hallamshire, the opencast mining company whose share price collapsed at the beginning of the week following a dramatic downgrading of profit expectations in the City.

As brokers to the company CCM are particularly interested in dealings which took place last week ahead of a series of meetings Burnett's new ehairman, Mr Erie Grayson, had with London stockbrokers on Monday.

Having slipped 10p on Thursday to 290p, Burnett's price dropped 25p on Friday afternoon to 265p although on the face of it Mr Grayson's visit to Loodon was a straightforward meeting betweeo a new chairman and the City's analysts.

During the progress of those meetings it soon emerged that earlier expectations of on £8m profits rise to £38m from Burnett were way adrift and that the likely outcome would be e profits fall of £12m to £13m. On Monday the shares fell 40p, and Tuesday saw a further drop of 35p to 190p.

Ray Maughan looks at the record of Cable & Wireless

A unique cash generator

Cable & Wireles was one of the earliest and, to judge by the track record as a quoted company so far, most successful Government attempts at de-nationalisation.

The Government offered 50 per cent plus one share of the company in October 1981 and raised £224m in the process. Between then and now, the stock market valuation of the whole company bas been periodically well over £1bn.

C & W, as brokers in the City were quick to realise when the shares first came on offer, is o unique operation. It mostly makes its money by franchising international telephone ond other telecommunications services for oversees countries, notably Hong Kong and Bahrain.

One of tbe orncioal feotures of the profit and loss account, it soon emerged, was the group's ability to generate large and rising quantities of cash. These funds hove usually been applied to extension of its operating base, nolably in the U.S. ond South China, while C & W has also been strengthening its grip on the more traditional markets.

The course of profits growth since flotation bas been little short of remarkable. The business came to market on e forecast of orofils of £54m in the year to March 1982 against just £62m in the previous yeer. In the event, the group turned in pre-tax profits of £97.7m for that period which it mostly ottributed to favourable currency movements—always liable to be a highly volatile item in a widely spreod business such as C & W—to higher interest rates and a better than predicted upturn in its non-franchise operations.

Six months further on, C & W was able to show a 47 per rent rise in pre-tax profits to £87m in the interim period to September 1982 and, again, currency movements were a salient feature.

While C & W wos strengthening its links with mainlond China and winning a £200m contract to provide Saudi Arabia's National Guard with a sophisticated nationwide telecommunications system, the group was also shifting the focus of attention in its traditional markets.

When first floeted, some 80 per cent of C & W's profits came from Hong Kong but the group sold a 20 per cent slice of its operation in tbo Colony in September that year, following the sale the previous July of a 60 per cent stake in its Bahrain business to the local government.

Whatever the changes, the year to March 1983 saw C & W confounding even the most optimistic City profit expectations. Profits soared 78 per cent to £157m against best outside forecasts of some £140m.

Tho usual contribution, worth some £11m, from exchange rate fluctuations was again a orominent item but, while the Far East remained the outstanding money spinner, the efforts C and W had been putting into development elsewhere were beginning to show through.

But just as the financial yeor wos closing, C and W undertook what was its most ambitious venture—as a quoted company—to date. It omnounced on March 24 this year that it was paying £143m for e 34.8 per cent stake in the Hong Kong Telephooe Company.

The vendor was Hong Kong Land, a leading property group in the Colony and the consideration was satisfied by a payment of £24m in cash and a vendor placing of 30m new shares at 396p per share. The result was that the Government stake fell from that fraction over 50 per cent to 45 per cent.

But as C and W has been expanding in the For East once more, it has been pushing aheed with deals in the U.S. and UK.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims—Aero Needles, Sir Joseph Causton, Clayton Son, Cole, B. T. Global Recovery Investment Trust, Hopkinsons, Savoy Hotel, John C. Small and Tidmas, TR Industrial and General Trust, E. Upton, Webstors.

Finals—Burgess Products, Ovenstone Investments, Transvaal Consolidated Land and Exploration, Ulster Television.

FUTURE DATES

Interims—

Melios	Nov 8
Munford and White	Nov 10
Portsmouth and Sunderland Newspapers	Nov 3

Finals—

Gleeson (M. J.)	Nov 17
Pineapple Dance Studios	Nov 2

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
British Assets ......qtly.	1.25	Jan. 5	1.2	4.9	4.55
Border Breweries ...int.	1.4	Jan. 5	1.4	—	5.3
Coates Bros. ....int.	1	Jan. 3	—	—	3.42
De Vere Hotels ......int.	3	Jan. 3	3	—	6
Feb Intl. ....int.	0.81	Dec. 9	0.75	—	2.4
Norman Hay ....int.	1.25	Dec 9	1.25	—	3.1
Philip Hill ....int.	2	Dec 16	2	—	7.5
McKechnie Bros.	5.28†	Jan. 3	5.28	7.28	7.28
Manganese Bronze	2.17	—	2.17	2.17	2.17
1928 Invest. Tst. ......int.	2	Dec. 15	2	—	5.2
S. Simpson	2.69	Jan. 3	2.19	4	3.5
Stewart & Wight	13	—	4	13	4
Stocklade Hldgs.	9	—	9	12	12
United Ceramic ......int.	1	Dec. 16	0.5	—	3
Allied Leather ......int.	1.75§	Dec. 8	1.75	—	5.5

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § For 15 month period.

BIDS AND DEALS

Anglo Nordic may bid for Butterfield

MR BRIAN WOLFSON, chairman of Anglo Nordic, revealed yesterday that be was contemplating a bid by the industrial holding company for Butterfield-Harvey.

Butterfield, which has interests in refuse collection vehicles, plastic moulding, office furniture and marine factoring, has recently announced a major deal with Technology Incorporated, a U.S. Over-the-Counter stock, which would entail TI's near total equity control in return for a £2m cash injection and licensing agreements.

TI stands to take a 48 per cent stake when options are exercised and loan stock is converted but, although the Takeover Panel has waived its usual rule that the U.S. company should launch a full bid, Anglo Nordic has been building up a near 5 per cent holding over the past six months preparatory to a possible bid of its own.

Mr Wolfson has had outline discussions with Sir Monty Finniston, the Butterfield chairman, but these talks are far from achieving anything of substance and Mr Wolfson said yesterday "we are still chewing it over."

He claimed that he has already walked the floor of each and every one of Butterfield's eight major operating subsidiaries and, other than one small company and the Shelvoke & Drewry refuse equipment business, he says that he likes what he has seen.

Hopes of a counter deal, it appears, have to be tempered by the Anglo Nordic view that Butterfield "is not worth anything like" TI's stop buying price of up to 50p per share. In Wolfson's eyes, Buterfield should be valued at between 35p "and a little over 40p."

However, an examination of the Shelvoke subsidiary shows that the business breaks into two parts, a profitable spares and maintenance operation and the loss-making manufacturing interest.

He has already suggested to Mr Maurice Krug, chairman of TI, that a "side deal" could be struck by which TI might acquire Shelvoke independently to link with the U.S. group's Dempster vehicle tailgate activities. TI has quickly turned down these overtures and, while the rest of Butterfield is said to "fit Anglo Nordic like a glove," Mr Wolfson realises that any deal would be "a very awkward straddle to break."

Reed Intl. pays £7.5m for Superfos Packaging (UK)

Reed International, the paper, packaging, printing and publishing conglomerate, yesterday announced that it has bought Superfos Packaging (UK), a subsidiary of Superfos A/S of Denmark, for £7.5m.

Superfos Packaging employs 175 people at a factory in Rutland, manufacturing lidded injection moulded plastic containers.

Neither company was prepared to comment on the deal yesterday, but the new acquisition would have close links with four Reed subsidiaries that are engaged in plastic packaging and laminating.

Superfos A/S, which makes fertilisers, chemicals and heavy farm goods, assured shareholders two months ago that it would this year reverse losses that have continued for several years.

In 1982, Superfos A/S made a loss of DKr 109m (£7.7m) on a turnover of DKr 6.2bn. At the halfway stage this year, the company said that all sectors had performed in line with or above, budgeted levels, and projected a full year net profit of DKr 100m.

Sun Life agrees terms for North British Properties

THE BOARDS of Sun Life Assurance Society and North British Properties announce that terms have been agreed for an offer to be made on behalf of Sun Life to acquire the ordinary share capital of North British not already owned by Sun Life.

Proposals will be made at the same time to the holders of the 9¼ per cent convertible unsecured loan stock 1996 in North British.

Sun Life already owns 3,350,000 ordinary shares (24.2 per cent) and £1,875,000 nominal of stock in North British Properties (57.9 per cent). The stock is first convertible on December 15 1985; full conversion would result in Sun Life owning 28.8 per cent of the enlarged issued ordinary share capital of North British.

The terms for each ordinary in North British are either 188p cash, or 188p nominal of loan notes of Sun Life. For the loan stock either £138 cash or £138 nominal of loan notes of Sun Life for each nominal £100 of stock of North British.

The value of the offer for the ordinary shares is £19.8m and of the proposal for the stock is £1.9m. The whole of the issued ordinary and convertible capital of North British is valued at £30.5m.

A capital reorganisation will be proposed to the shareholders of North British but this will not affect the value of the offer. The directors will recommend shareholders to vote in favour of this reorganisation.

Sun Life has undertaken that it will make arrangements whereby directors and employees of North British Properties will receive fair and generous compensation should their employment be terminated.

The directors of North British, who have been advised by Morgan Grenfell and Company, consider that the terms of the offer and the proposals are fair and reasonable, will recommend all shareholders to accept and stockholders to vote in favour. The directors and associated trusts intend to accept the offer and to vote in favour of the proposals for the stock in respect of their holdings totalling 2,743,533 ordinary shares (19.8 per cent) and £55,922 nominal of the stock.

Royal paying £34m for U.S. insurer

BY ERIC SHORT

Royal Insurance, one of Britain's largest insurance composite groups, yesterday announced that its U.S. company Royal Group Incorporated had reached agreement to acquire the Missouri-based Silvey Corporation for $50.7m (£33.9m) in cash. It is offering $35 a share and the directors, who control 33 per cent of the shares are recommending the offer to other holders.

Royal has been seeking to expand its operations in the U.S., particularly in the Mid-Western states where up to now it has had a very light representation. About a year ago, it paid $16.5m for Milbank Insurance based in South Dakota and operating in North and South Dakota, Minnesota and Montana.

The Silvey Corporation owns three general insurance companies—Tri-State of Oklahoma, Mid-Western and Farmers and Merchants, together with a life company, New American Life.

Its non-life operations are mainly in Missouri, Oklahoma, Kansas and Arkansas, and complimant the operations of Milbank. The non-life premium income in 1982 amounted to $43.8m and a life premium income of $3m.

Silvey's assets at end 1982 were $64.9m (GAAP assets $69.9m) with a statutory surplus of $21.2m (GAAP $21.2m). GAAP profits in 1982 were $3.5m.

Silvey's non-life business is split roughly 50-50 between personnel and commercial, with automobile accounting for over 40 per cent of the business, and workers' compensation taking a further 26 per cent. Royal's non-life premium income in 1982 amounted to $1.22bn, split 35 per cent personal and 65 per cent commercial, with commercial multiperil and workers' compensation being the two major classes of business.

Royal's expansion plans have been to acquire companie's with successful, efficient operations. Silvey had a combined operating ratio of 99.8 per cent in 1982, a ratio that had risen to 101.4 per cent over the first six months of 1983.

This compares with Royal's operating ratio of 111.1 per cent in 1982 and 114.5 per cent in mid-1983, and an industry average of about 109.5 per cent.

James M. Silvey, Jr, president and chief executive of the Silvey Corp said that the management would continue in its present form with the headquarters remaining in Columbia, Missouri.

See Lex

Filling gaps in the Mid Western states

THE PROPOSED acquisition by Royal represents another step in its strategy of controlling growth in the U.S. and had been expected for some time.

The group has been thoroughly reappraising its various worldwide insurance operations ever since Mr John Howard became chief general manager in May 1980. This followed a decade during which many insurance groups over expanded—and paid the price in heavy underwriting losses.

The strategy adopted by Royal has involved not only seeking to expand in many of its major operating territories, particularly the U.S. and UK, but also cutting back in countries such as Canada and Australia where it had been suffering heavy losses.

The U.S. is Royal's largest single market with a premium income in 1982 of U.S.$1.22bn—41 per cent of its worldwide general insurance premium income. At present Royal has 1.29 per cent of the U.S. market, making the group 20th in size.

Royal's first step towards U.S. expansion was to raise new capital. This it did in December 1980 with a rights issue which raised £116m. There were a number of raised eyebrows at the time since Royal was not in a position then to reveal any takeover prospects.

In the UK, the group has based the expansion of its operations by increasing its share of the life market, which is undergoing rapid expansion, and extending its share of the static personal motor market through organic growth—the options in the UK for insurance takeovers are limited anyway.

But it is a different scene in the U.S. Royal by tradition has been strongly represented on the Eastern and North Eastern coasts. Its exposure is about average on the Western Coast, but is light in the Mid Western states. So its expansion plans in the U.S. have been concentrated in this area.

Royal then took the view that expansion through organic growth by expanding the sales force from a small base would be expensive, time consuming and would lack any guarantee of success, compared with taking over one or more established, successful insurance companies.

But it was not going to pay over the odds simply to expand.

I originally wanted to acquire one medium-sized company, but when endevours here failed, it then went after two operations which could be integrated to cover the Mid West area. Around 12 months ago it acquired Milbank Insurance for $19.5m—a company based in South Dakota and operating in the Northern Mid West states of North and South Dakota, Minnesota and Montana.

Now Royal is about to acquire Silvey, which operates in the four lower Mid Western states of Missouri, Oklahoma, Kansas and Arkansas. The intention is to integrate the operations of Milbank, Silvey and Royal's existing operations in the area over a long period of time.

This acquisition apparently brings to an end at least the current phase of Royal's expansion in the U.S. Mr Howard said yesterday that Royal was looking seriously at any other insurance group in the U.S., though it would keep an open mind on any other offer made to it.

The group considered that it now had a steady representation throughout the U.S.

In August, Royal, through its subsidiary Royal Reinsurance, acquired American Overseas Holdings from Marsh and McLennan. But this acquisition represented part of the expansion plans of Royal's worldwide reinsurance operations and was made independently of its direct insurance operations in the U.S.

Among the companies in the Silvey Corp. is a life company, New American Life. Royal's life business in the U.S. is infinitesimal with a premium income in 1982 of $9.3m.

Although its life business has risen sixfold over five years, Royal has no plans for any assault on the U.S. life insurance market. New American Life will be encouraged to expand organically.

Lonrho acquires Playboy site

Lonrho has emerged as the purchaser of the former Playboy Club premises in London's Park Lane. Trident Television said earlier this week that it had sold the building—which now has planning permission for use as banking, retailing or office space—to an unknown buyer for £9m.

Lonrho itself owns a number of casinos, including Crockfords, and has said it expects its casino division to play an increasingly important role in its activities.

The company would make no further comment about the purchase last night but, in view of the change in planning permission and the earlier failure of Trident to obtain a gaming licence for the Park Lane premises, a casino operation is unlikely.

At least part of the building is still expected to be given over to banking activities, though whether Lonrho will let it to tenants or use it for its own purposes is not clear.

Michael Peters

The latest in the headlong rush of companies joining the Unlisted Securities Market, is the Michael Peters Group. Brokers Henderson Crosthwaite are placing 1m shares at 85p each, capitalising the 13 year old design company at £4.8m.

Of the shares being placed 740,000 are new, raising over £½m net. The rest are being sold by the founder chairman, Michael Peters, who will retain over 58 per cent of the equity.

The group is a design consultancy providing a range of services to UK, overseas and multinational clients. Profits and turnover have grown steadily over the past five years.

Eagle Star builds defence

Eagle Star stockbrokers Cazenove, W. Greenwell and Savory Milln, are doing their utmost to help defend the company from the bid by West Germany's leading insurance group Allianz Versicherung.

But they strenuously deny market rumours that they have formed a formal defence committee to fight the unwelcome bid.

The brokers intend to contact many of Eagle Star's shareholders, particularly the institutional holders, to put forward Eagle Star's case and to explain why they should not accept Allianz's offer. This canvassing will be co-ordinated so that the shareholders are all visited, but there is no duplication.

The brokers deny that they have been buying Eagle Star shares in the market.

AGB Research

AGB Research has agreed to acquire a majority in Information and Analysis Inc a full-service electronic media research and consulting firm, in New York.

I and A provides research and consulting services to three commercial TV networks, leading broadcast groups, major cable networks, cable systems leading multiple system operators and other companys in the electronic media field.

Ingall Inds. to acquire Middleton Wood

Ingall Industries has entered into a conditional agreement for the acquisition of Middleton Wood (1919), funeral directors in Lancashire and Merseyside.

The assets being acquired include the freehold and leasehold properties valued at £774,500, motor vehicle valued at £178,000, and fixtures and fittings valued at £100,000.

The consideration to be paid on completion—due to take place on November 28—is a maximum of £750,000, with a further £500,000 cash payable on deferred terms.

If pre-tax profits for year to June 1984 exceed £200,000 additional consideration equivalent to five times the excess over £200,000 will become payable in cash. Or at the option of Ingall satisfied by the allotment of Ingall ordinary credited as fully paid and ranking pari passu with the existing ordinary.

Net pre-tax profits of Middleton for the year to June 30 1983 were £111,000.

Minet sells off some companies

MINET HOLDINGS has disposed of its shareholding in a number of non-insurance broking subsidiaries to the senior executives in those companies.

The main companies concerned are Minet Financial Management and Minet Leasing Services in London, Minet Trust Company in Guernsey and Minet Financial (Overseas) with its Irish subsidiaries. They will continue to operate from the same offices and with the same staff.

A spokesman for Minet said that the disposals amounted to a demerger of businesses "not central to the Minet insurance activity."

The companies will take the name Havelet, and will operate as the Havelet Group.

Charles Hill

Mr Alastair Milne, former chairman of Charles Hill, the loss-making ship repairing and engineering group, was removed from the board on Wednesday by a shareholders' vote at an extraordinary meeting. He did not resign, as was reported in yesterday's edition.

The extraordinary meeting had been called so that the board could present to shareholders delayed report and accounts. The delay followed the merger late last year between Charles Hill and Kennedy Smale, the west Midlands manufacturer of electro-mechanical and telecommunications equipment, and knitted gloves. While the name of Charles Hill was retained, dominant shareholdings went to Kennedy Smale. Major reorganisation of Charles Hill has followed the takeover.

At the same extraordinary meeting, the name of the company was changed to Kennedy Smale. Mr Alex Johnstone, the longstanding chairman of Kennedy who has since April also been chairman of Charles Hill, said yesterday that Mr Milne was removed by a unanimous shareholder vote.

Lyle Shipping

H. Hogarth & Sons has placed its holding of 2,957,541 ordinary shares in Lyle Shipping (29.9 per cent of the total in issue) and no longer has an interest in any further shares of Lyle.

Printers merge

Pillans and Wilson and William Blackwood and Sons, both Edinburgh printers, are to merge through an exchange of shares. The new company will trade as Blackwood Pillans and Wilson and will operate from Blackwood's Leith premises.

BANK RETURN

BANKING DEPARTMENT

	Wednesday October 26 1983	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	40,568,599	+ 8,665,810
Bankers Deposits	659,998,286	+ 57,609,738
Reserve and other Accounts	1,566,500,529	+ 3,346,074
	2,281,620,414	+ 53,513,622
Assets		
Government Securities	503,190,527	+ 44,835,000
Advances & other Accounts	848,966,912	— 5,121,504
Premises Equipment & other Secs.	916,481,914	+ 23,684,851
Notes	12,794,874	+ 614,375
Coin	175,860	+ 892
	2,281,620,414	+ 53,513,622

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes Issued	11,390,000,000	+ 30,000,000
In Circulation	11,377,205,126	+ 28,785,624
In Banking Department	12,794,874	+ 614,375
Assets		
Government Debt	11,015,100	—
Other Government Securities	5,153,708,798	— 540,750,359
Other Securities	6,225,276,102	+ 570,750,359
	11,390,000,000	+ 30,000,000

Granville & Co. Limited

(formerly M. J. H. Nightingale & Co. Limited)
27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

Over-the-Counter Market

1982-83 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	126	—	6.4	5.1	7.4	9.6
158	117	Ass. Brit. Ind. CULS	134	—	10.0	7.4	—	—
75	57	Airsprung Group	75	—	6.1	8.1	21.4	21.4
46	21	Armitage & Rhodes	27	—	—	—	—	—
242	98½	Bardon Hill	236	−1	7.2	3.1	8.6	18.6
151	100	CCL 11pc Conv. Pref.	137	—	15.7	11.5	—	—
270	154	Cindico Group	154	−2	17.6	11.4	—	—
86	45	Deborah Services	57	—	6.0	10.5	—	—
152	77	Frank Horsell	152	—	—	—	6.3	10.5
146	75½	Frank Horsell Pr Ord 87	146	—	8.7	6.0	6.1	10.1
83	48	Frederick Parker	48	—	7.1	14.8	3.0	4.8
55	32	George Blair	32	—	—	—	—	—
100	58	Ind. Precision Castings	56	—	7.3	13.0	15.8	19.3
204	100	Isis Conv. Pref.	204	—	17.1	8.4	—	—
114	47	Jackson Group	105	—	4.5	4.3	5.5	10.7
237	111	James Burrough	204	—	11.4	5.5	11.5	11.5
260	133	Robert Jenkins	134	—	20.0	14.9	15.6	10.5
83	54	Scruttons "A"	68	—	5.7	8.3	11.3	8.2
187	86	Torday & Carlisle	86	—	2.8	3.4	—	—
29	20	Unilock Holdings	20	—	1.0	5.0	13.1	19.0
90	84	Walter Alexander	89	—	8.5	7.8	7.8	10.3
278	214	W. S. Yeates	257	—	17.1	5.7	4.0	8.2

Licensed Dealer in Securities

COMPANY NEWS

Manganese lifts profits by 57%

DURING THE 12 months to July 31 1983 Manganese Bronze Holdings lifted its taxable surplus by 57 per cent from £349,000 to £545,000. At the halfway stage a profit of £148,000 compared with a £152,000 loss, and followed a £531,000 profit made in the preceding six months.

The dividend has been maintained with a single payment of 2.17p net.

Turnover for the year, of this component maker for motor vehicles and consumer durables, was £2.31m higher at £37.25m. For the first six months turnover was £18.52m against £16.59m.

The taxable result for the year was struck after a cut in interest payable of £158,000 to £303,000. There was a tax credit for the year of £5,000 (debit £4,000) but Advanced Corporation Tax took £76,000 (£82,000). Earnings per 25p share rose from 1.48p to 3.18p.

There was an extraordinary credit this time of £165,000 compared with a debit of £187,000.

In accordance with existing accounting policy a subsidiary has capitalised expenditure of £1.77m on the tooling of a new London taxicab (the CR6). It is expected that the audit report will refer to the dependence of the value of this item on the successful outcome of the project.

Norton Villiers Triumph, in which Manganese holds 47 per cent of the voting rights, has reported a pre-tax loss of £527,335 on turnover of £295,352 for the year to July 31 1983.

The chairman of Norton says that development work on the Norton motorcycle has advanced to the point where it has been possible to take a decision to introduce the machine commercially.

LDH progress continues

LDH Group, formerly Lowland Drapery Holdings, is now trading profitably and Mr M. S. Ross, the chairman, says he is confident that the progress made during the year to May 31 1983 can be continued.

He adds that the composition of the group changed significantly over the period and that it was strengthened by the discontinuation of the loss-making Scottish operations last December and the acquisition last May of GMB Total Communications.

For the 12 months the group returned pre-tax profits of £96,000, compared with losses of £410,000 for the preceding 17 months, following a £49,924 move back into the black at midyear.

In order to facilitate an early return to the dividend list the directors are proposing to carry out a capital reconstruction—a circular giving details will be issued shortly.

Sales of the continuing activities expanded from £2.81m to £3.28m. There was a tax credit of £1,000 (£2,000) and extraordinary debits of £849,000, against £81,000.

Earnings per 25p share emerged at 1.5p (7.7p loss).

Mr Rosa says the closure of the Scottish activities cost the group approximately £500,000 in extraordinary items. He points out, however, that as indicated in his interim report their discontinuance prevented further substantial losses being incurred.

G.M.B. Total Communications is expected to contribute "substantially" in the future. A new subsidiary has been formed for the purpose of providing lease and hire purchase finance to customers of GMB. Since a significant proportion of their sales have been financed by finance houses the directors believe that this activity should also be profitable—G.M.B. markets and maintains a wide range of electronic communication systems.

The group is pursuing an active policy of expansion and a number of potential acquisitions are currently being investigated. Currently its main activities are in upholstery fabrics and leasing.

Weeks Associates advances

AN INCREASE of 15 per cent in turnover to £5.78m and a 17 per cent rise in exports produced a profits performance described as "encouraging" by Mr Wilfred Airey, chairman of Weeks Associates. For the 28 weeks to August 14 1983 pre-tax profits nearly trebled at £100,313, compared with £38,071.

Mr Airey says that prospects in the longer term are "brighter than for some time." At the end of the last full year pre-tax profits stood at £152,000 (£242,000).

In 1977 first half profits came to £373,000.

There is again no interim dividend. The directors think it prudent to await stronger evidence of a sustained improvement in trading, especially in overseas deliveries of trailers. Dividend policy will therefore be decided at the year end—at the end of the last full year a payment of 0.7p was made.

Earnings per 10p share for the half year came to 1p (0.4p).

Increased sales for the half year were attributable largely to agricultural machinery and trailers subsidiaries, the latter regaining lost market share with a 42 per cent increase in UK sales.

A major contribution to exports was made by the mechanical handling company. Sales of rubber products showed little improvement in the half-year and higher operating costs, because of an expansion programme, also depressed profits.

Looking to the second half, Mr Airey says that potential export orders for trailers total in excess of £1.5m, but these can be converted into sales only when import licences or foreign exchange are available. It is not possible to predict if this will occur in time to have a favourable impact on the current year or will be delayed into 1984. In the meantime, it has been necessary to introduce short-time working.

Longer term, prospects for the group are better than for some time. A reduced cost structure in trailers should improve profits and the company will be in a better competitive position to increase its UK market share. New orders worth more than £500,000 have been won

Stocklake Holdings

Following a downturn at the halfway stage at Stocklake Holdings, pre-tax profits slipped from £4.92m to £4.25m for the year to the end of March 1983. Turnover of this exporter, importer and steel stockholder was reduced from £37.3m to £26.71m.

At the halfway stage pre-tax profits were down from £2.29m to £1.93m and the directors said that the lower results were a result of deteriorating trading conditions. They said there were no signs of recovery in the second half.

The net final dividend has been held at 8p, which maintains the total at 12p. Earnings per 25p share were lower at 48.37p against 50.86p.

Tax amounted to £2.29m

DPCE Holdings

Profits of DPCE Holdings, an independent computer maintenance company, amounted to £1.32m for the year to end-June 1983 before loan stock interest and tax. This was on improvement of £15,000 on the prospectus estimate of last July and a jump of 74 per cent over the figures of the previous year.

Trading results for the early part of the current year show continuing growth. As forecast, a minimum net dividend of 2p is expected for the 12 months.

Sunderland Water

Following the offer for sale by tender by the Sunderland and South Shields Water Company of £5m 6.5 per cent redeemable preference stock 1989 at a minimum price of £100 per £100 stock, applications were received for £12.75m stock. The lowest price to receive a partial allotment was £101.26, while the average price obtained was £101.457.

Brokers to the issue were Seymour Pierce & Company.

Garford-Lilley

Mr Bert Gould, reported yesterday as chairman of Garford-Lilley, is in fact a director of that company and a principal shareholder. Though Mr Gould is almost 75 years old, Mr Trevor Williams, non-executive chairman, said yesterday that "he had no present plans to retire."

The company's pre-tax profits in the year to March 31 1983 were £701,000, on a turnover of £6.25m.

MINING NEWS

Diamond output from Argyle ahead of target

BY GEORGE MILLING-STANLEY

THE LATEST production figures from the Argyle Diamond Mines joint venture in the Kimberleys region of Western Australia suggest that the project should comfortably exceed the planned output of 5m carats of diamonds in its first year of operation.

A total of 1.88m carats of diamonds was recovered during the three months to the end of September, representing a steady rise on the 1.65m carats in the second quarter and 630,000 carats in the opening three months of commercial production.

The ore treatment rate has also shown steady expansion over the first nine months of operation, rising from 94,149 tonnes in the first quarter to 297,188 tonnes in the second and 341,041 tonnes in the latest three months.

These figures indicate that Argyle has completed its planned expansion of treatment capacity to 4,000 tonnes of alluvial ore per day, and that recovery grades are somewhat higher than initially envisaged.

It must, however, be remembered that the bulk of the venture's output is composed of the lower value industrial material, so there should be no expectations of a profits bonanza at the end of the year.

The joint venture partners, the Rio Tinto-Zinc group's Australian arm CRA with 56.8 per cent, Ashton Mining with 38.2 per cent and Northern Mining, now controlled by the Western Australian Government, with 5 per cent, recently received government permission to put the second stage of the Argyle project into operation.

This involves an expansion of output to around 25m carats a year from the processing of some 3m tonnes of ore. Construction work is expected to begin shortly, with the new operation coming into production in late 1985 or early 1986.

Gold share prices hit new lows for the year

HEAVY losses were sustained by South African gold shares in London yesterday where falls of around £5 a share were recorded in Gold Fields of South Africa (£60½), Randfontein (£69⅞) and Hartebeestfontein (£36¼). The Gold mines index dropped 31 points to 478.3, its lowest since early December of last year.

The price of gold lost a further $4.50 to $383.625 per troy ounce. This was its lowest closing price for 12 months although it traded below this level during market hours yesterday.

The weakness in gold shares reflects the lack of response in the bullion price to events in Grenada and Beirut and, to some extent, the dullness of base metal prices which suggests a slowing in the economic recovery and thus reduced fears of a rise in the inflation rate.

Following sizeable selling of South African gold shares on New York overnight, prices were marked down sharply in initial London dealings. No great selling pressure developed here but sentiment was unsettled by the lack of any buying support from the Cape and prices thus fell away until the late dealings when some "cheap" U.S. buying and bear-closing appeared.

Allied Leather improves

The improvement reported by Allied Leather Industries for the second half of 1982 continued through the opening half of the current year when pre-tax profits totalled £736,886.

This compares with profits of £662,854 for the preceding six months and losses of £87,809 for the first half of 1982.

The directors say that considerable practical difficulties arise from the group's financial year ending on December 31. They have therefore decided to extend the current financial period to cover the 15 months to March 31 1984.

An unchanged interim dividend of 1.75p net is being paid and in view of the change in the year-end a second interim payment will be made in March 1984. The amount of the final will be considered at the AGM in September.

Turnover for the opening half rose to £13.3m (£11.99m). Trading profits totalled £588,020 (£164,938 loss) before adding £148,866 (£77,329) net profit realised on disposal of properties. Tax accounted for £308,779 (£55,768 credit).

Closures lead to further loss for Audio Fidelity

THE SECOND half has produced an upset for Audio Fidelity, and this has led to an increase from £166,887 to £287,256 in the loss for the full year ended April 30 1983.

When reporting a deficit of £179,487 (£191,585) for the first six months, the directors said the usual seasonal upturn in trading was taking place in the second half and the manufacturing division was benefiting from increased export demand.

In the event there was a loss of £117,769 (profit £24,698) in the second half, caused mainly by the attendant costs of closing further unprofitable retail branches and the cessation of trading of a loss making manufacturing company.

Turnover for the full year came to £3.66m (£3.86m). After tax £12,767 (credit £64,926) and minority losses £805 (£3,214), the net attributable loss was £309,238 (£98,747). Per share this is equal to 11.36p (3.63p).

Prospects for the current year, based on trading figures for the normally more difficult first five months, suggest that the "full trading year should not produce further losses," the directors state.

● comment

The optimistic noises that Audio Fidelity was making six months ago has turned out to be unfounded. Instead of an anticipated improving trend, the full-year losses are twice what the market was expecting, and the shares slipped 4p to 19p, where market capitalisation is a mere £510,000. The company is giving little away but the best guess must be that the results reflect heavy stock losses from pulling out of the audio market. With the likes of Amstrad around AF has found itself floundering in deep water, so it has wisely decided to try and learn to swim in another pool. Its new target is the lucrative disco sound and professional recording market, which is dominated by only a few, small specialised manufacturers. Whether it can do any better here remains to be seen because it has yet to build up any brand loyalty. With asset backing of around 70p a share it must be a prime candidate for a take-over.

Walker & Homer payout hint

A TURNROUND from losses of £177,000 to profits of £589,000 at the pre-tax level was achieved by furniture manufacturer Walker and Homer Group in the year to July 31 1983.

There is again no dividend, the last being in December 1978, but the directors hope to be in a position to consider resumption of payments during the current financial year.

Turnover for the year rose from £14.4m to £20.85m and there was a trading profit of £633,000 against a £131,000 loss. Taxable profits were after adding investment income of £1,000 (£3,000) and deducting interest of £45,000 (£49,000).

At the interim stage, pre-tax profits were £342,000 compared with £24,000. Turnover was £10.37m against £7.45m.

The company's year is divided into two distinct trading periods, the second half being very much less buoyant than the first. The directors say that there has been a slower than anticipated start to the normally busier autumn period with increasing pressure on margins.

However, the chairman is confident that the group will increase its market share.

While he feels unable to make any forecast for the future, he is sure that the company is well-placed to take advantage of the opportunities which become available.

During the year, the third Walker and Homer factory, Regent House Upholstery, was brought to full capacity. Also, a further manufacturing unit was established in South Wales under the name of Fineline Upholstery. This is aimed at expanding the group's involvement in a specialist line of upholstered Chesterfield furniture.

The directors say that the company is continuing to strengthen its management team, the benefits of which they now see in all aspects of its controlled expansion.

Mr T. Shaw has been appointed to the board as financial director.

There was a tax credit of £4,000 (£16,000), giving earnings per share of 4.3p compared with a 1.2p loss.

Utd.Ceramic recovery continues

United Ceramic Distributors recovered further in the opening half of 1983 and made a £80,362 profit at the pre-tax level.

A taxable surplus of £7,075 for the comparable period marked the first stage of recovery, following a slump in interim profits and a dive into the red in the second half of 1981.

In 1980 the company achieved profits of £324,000 (£225,000).

Mr P. S. Battin, the chairman of this USM company engaged in the distribution of wall and floor tiles, says that competition in the ceramic tile industry remains intense and the average selling prices of tiles was reduced further in the first half.

However, despite this, United Tile's turnover has increased and resulted in improved profitability during the period, he adds.

Also, he says, operating costs are still under strick control and the increase in first-half group turnover from £2.38m to £2.87m was achieved without any radical increase in the volume of stocks held.

Trading profits for the first period were higher at £124,135, compared with £64,640, and the taxable result benefited from a reduced interest charge of £43,773, against £57,565.

A tax payment of £35,000 (credit £10,000) left net profits of £45,362 (£17,075) for earnings per share of 1.9p (0.7p).

The interim dividend has been restored to 1p net per 20p share after a 50 per cent cut last year. For 1982 dividend payments totalled 3p with the final maintained at 2.5p. Pre-tax profits for last year were £40,829 (£19,639).

Midland Tile Contractors, a subsidiary involved in the fixing of floor and wall tiles, had a very successful six months and has taken full advantage of the improved climate in the building industry.

The chairman says a good order book is now held and the company should continue to make a substantial contribution to group profits.

Overall, he says, the group is working well within its cash facilities. However, he points out that trading conditions are still difficult in some areas, particularly in the west Midlands.

Brit. Assets valuations boosted by U.S. upturn

THE STRONG recovery of the U.S. economy in 1983 has been very beneficial to British Assets Trust. It is in America that the trust has its greatest exposure, with 61 per cent of the portfolio invested there.

The U.S. market rose by 58 per cent and the Canadian by 77 per cent. This led to the company's net asset value increasing by 52 per cent at September 30 1983, from 131.65p to 199.85p. At the halfway mark (March 31) it was 185p.

For the year net taxed revenue increased from £4.6m to £4.92m, for earnings of 4.94p per share (4.61p). The final quarterly dividend is 1.25p to lift the year's total from 4.55p to 4.9p. The current quarterly rate indicates an intention to pay a 5p total in respect of 1983-84, the directors state. And if the economic recovery is sustained, a further dividend rise can be expected.

Net revenue was arrived at after charging interest and expenses £759,000 (£643,000) and tax £3.06m (£2.61m).

The directors state that the recovery in the U.S. in an environment of low inflation will lead to greater dividend increases from American companies than have been seen during the last two years. The UK economy seems also "to be more soundly based" and greater dividend rises are occurring. That market rose 23 per cent during the period.

GBC Capital, the Canadian subsidiary, recorded a growth in its net asset value of 66 per cent, and accounted for 30 per cent of the company's assets at the year end.

Border Breweries

Taxable profits of Border Breweries (Wrexham) rose by £18,000 to £476,000 in the half year to August 31 1983, on sales £0.22m ahead at £8.62m. But the directors do not expect that the increase in profitability achieved in the second half of last year will be maintained.

For the year ended February 28 1983, pre-tax profits finished marginally behind at £931,545 (£938,435) although the second-half result improved from £430,000 to £474,000.

The directors say trading conditions remained difficult until the good summer weather resulted in a modest increase in sales. At present, however, the company is involved in difficult annual wage negotiations and has been hit by an industrial dispute.

The net interim dividend is maintained at 1.4p per 25p share

COMPANY NOTICES

WESTERN DEEP LEVELS LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF 12 PER CENT UNSECURED DEBENTURES 1986/1993—INTEREST PAYMENT NO. 7

Notice is hereby given that in respect of the interest on the debentures for the period July 1 to December 31 1983, warrants bearing the latter date will be posted from the Johannesburg and United Kingdom offices of the transfer secretaries on or about December 15 1983 to debenture holders registered at the close of business on November 25 1983. For that purpose the transfer registers and registers of debenture holders will be closed from November 26 to December 9 1983, both days inclusive.

Registered debenture holders paid from the United Kingdom will receive the United Kingdom currency equivalent on November 28 1983 of the rand value of the interest due to them. Any such debenture holders may, however, elect to be paid in South African currency, provided that the request is received at the offices of the transfer secretaries in Johannesburg or in the United Kingdom on or before November 25 1983.

In terms of the Republic of South Africa Income Tax Act, 1962, as amended, a withholding tax at the rate of 10 per cent will be deducted by the company, where applicable, from the interest payable to those debenture holders whose addresses in the registers of debenture holders are outside the Republic of South Africa. Interest amounting to R20 or less accruing in any one year is exempt from the tax.

By order of the board
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per N. B. Stinton
Companies Secretary

Registered Office
44 Main Street
Johannesburg 2001
(P.O. Box 61587
Marshalltown 2107)

Transfer Secretaries
Consolidated Share Registrars Limited
First Floor, Edura
40 Commissioner Street
Johannesburg 2001
(P.O. Box 61051
Marshalltown 2107)
Charter Consolidated P.L.C.
P.O. Box 102
Charter House, Park Street
Ashford Kent TN24 8EQ
Johannesburg
October 28 1983

NOTICE TO BONDHOLDERS
THE COPENHAGEN COUNTY AUTHORITY
UA 20,000,000
9½% 1975/1985 Bonds

PURSUANT TO THE PROVISIONS OF THE PURCHASE FUND, NOTICE IS HEREBY GIVEN TO BONDHOLDERS THAT:

—during the six-month period following the twelve-month period ending on October 22, 1982, the principal amount of UA 275,000 of above-mentioned Bonds unpurchased during such twelve-month period, has been purchased.

—during the twelve-month period from October 23, 1982 to October 22, 1983 an additional principal amount of UA 300,000 of above-mentioned Bonds has been purchased.

Amount outstanding: UA 16,775,000.

The Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

Luxembourg,
October 28, 1983.

JAMES BEATTIE PLC

NOTICE IS HEREBY GIVEN that the Transfer Books relating to the 6¼% First Mortgage Debenture Stock 1986-90 of the Company will be closed from 4th to 18th November, 1983, both dates inclusive.

By Order of the Board,
G. T. LOWNDES,
Secretary.

71-79 Victoria Street,
Wolverhampton.

BANQUE FRANCAISE DU COMMERCE EXTERIEUR
$U.S.125,000,000
Guaranteed Floating Rate Notes due 1988

In Accordance with the terms and conditions of the Notes, notice is hereby given that for the 6 month period from October 28, 1983 to April 30, 1984 the Notes will carry an interest rate of 10% per annum.

The relevant interest payment date will be April 30, 1984 and the coupon amount per U.S.$10,000 will be U.S.$513.89.

BANQUE GENERALE DU LUXEMBOURG
Societe Anonyme
Fiscal Agent

THORN EMI PLC
(CDRs)

The undersigned announces that as from 3rd November 1983 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div. cp. no. 12 of the CDRs Thorn EMI Plc, each repr. 50 shares will be payable with Dfls. 25.38 (re final dividend for the year ending 31.3.1983) 11.7p per share. Tax credit £2.5072 — Dfls. 10.91 per CDR.

Non-residents of the United Kingdom can only claim this tax credit when the relevant tax treaty meets this facility.

AMSTERDAM DEPOSITARY COMPANY N.V.
Amsterdam, 20th October 1983

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LEGAL NOTICES

IN THE MATTER OF WELLS O'BRIEN (CENTRAL) LTD. AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of December, 1983, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills of 1 Wardrobe Place, Carter Lane, St. Pauls, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of October, 1983.
BRIAN MILLS,
Liquidator.

IN THE MATTER OF WELLS O'BRIEN & COMPANY LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of December, 1983, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills of 1 Wardrobe Place, Carter Lane, St. Pauls, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of October, 1983.
BRIAN MILLS,
Liquidator.

IN THE MATTER OF NATIONAL ADVERTISING CORPORATION LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of December, 1983, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills of 1 Wardrobe Place, Carter Lane, St. Pauls, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of October, 1983.
BRIAN MILLS,
Liquidator.

IN THE MATTER OF WELLS O'BRIEN RECRUITMENT LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of December, 1983, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills of 1 Wardrobe Place, Carter Lane, St. Pauls, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of October, 1983.
BRIAN MILLS,
Liquidator.

IN THE MATTER OF WELLS O'BRIEN (SOUTH WEST) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the Creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of December, 1983, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills of 1 Wardrobe Place, Carter Lane, St. Pauls, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of October, 1983.
BRIAN MILLS,
Liquidator.

IN THE MATTER OF WELLS O'BRIEN (NATIONAL) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of December, 1983, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills of 1 Wardrobe Place, Carter Lane, St. Pauls, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of October, 1983.
BRIAN MILLS,
Liquidator.

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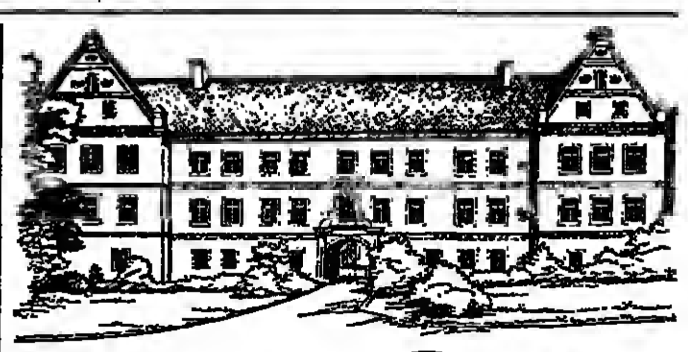

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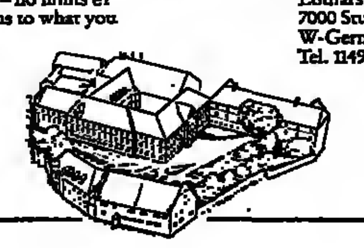

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THE PROPERTY MARKET

BY MICHAEL CASSELL

Sun Life set to win North British

THE TERMS of Sun Life Assurance's agreed offer for North British Property were disclosed yesterday and will be enough to win the day—not least because the principal participants between them control around 45 per cent of the equity.

The deal values North British ordinary shares at 188p each, against a 156p suspension price and a net asset value—thrown up after a July 1982 valuation—of 202p. So much for earlier talk that North British could put up a good case for 235p or above, but most shareholders should be content with the fact that the agreed price is almost exactly twice the price the shares commanded immediately before bid talks were announced at the end of September.

Sun Life reckons it ended up paying more than it had originally envisaged but the final terms nevertheless appear finely balanced to tip the outcome in its favour. The offer values the property company at £30.5m.

So Sun Life looks set to add an investment portfolio worth around £40m to its own investment properties, valued at £485m at the end of 1982. The last time it picked up such a package was in 1976 when it fought for, and won, control of Artagen Properties. It seems probable that the purchase will leave quite a lot of North British people without jobs, as Sun Life has its own well-established property development and investment team into which it can inject its new acquisition. "Fair and generous" compensation is promised.

The portfolio's principal elements comprise the 450,000 sq ft Regent Centre office scheme at Gosforth, Newcastle-upon-Tyne, a town centre retail scheme in Kirkaldy, Fife and a major industrial scheme along the Great West Road at Brentford.

The balance of the property assets, largely inherited at the time of the split from Bellway in 1979, is made up of a mixed bag of office and retail investments throughout the north east.

More recently, however, the group has been moving into the southern part of the country. Among its most recent commitments are an office scheme in Chelmsford—with Scottish Widows—a Hemel Hempstead industrial estate with Electricty Supply Nominees and office schemes in Maidenhead, Chertsey and Tunbridge Wells.

One aspect to be sorted out will be the future of schemes underway in which other institutional funding partners are already involved. Sun Life can be expected to see through the developer's role, take its share of the action and sell on the properties to the funder. Where funding arrangements have not been finalised, then the new management will have little difficulty in putting up its own finance and retaining the investment.

Slough swoops in to talk terms

THIS WEEK finally saw one of property's most eligible takeover targets sitting down to talk with its most widely-tipped suitor.

The current merger discussions between Slough Estates and Allnatt London—not forgetting Guildhall Property, Allnatt's shadow property operation—appear to represent the obvious conclusion to something which has appeared increasingly inevitable.

Allnatt has been putting up a creditable performance, given the recent sickly state of the industrial sector on which its operations are almost exclusively based and the somewhat patchy quality of its portfolio.

The location of its property assets—largely in north west London—is not in question, however, and rental income arising from reviews has helped profits move ahead nicely. They are expected to be over £10m in the current year, against £9.4m last time.

Allnatt has remained massively undergeared and the excellent rate of profits and dividend growth recently recorded seems set to continue for a little while yet, given the flow of reversions and reviews due over the next two or three years.

But the group—not to mention Slough Estates—is also aware that growth from rent reviews will be slowing down sooner rather than later and that its longer-term health will only be secured by some active management and some fairly expensive modernisation.

But is a possible deal all good news for Slough? Even for a group with its financial clout, a "merger" with Allnatt and Guildhall (between them owning around £150m worth of property) represents quite a chunk to bite off. In any agreement, a lot of paper is likely to change hands, thereby invoking the old argument about dilution of assets.

Allnatt, however, represents an opportunity too good to miss and would provide Slough with rare chance to embrace an extremely liquid portfolio, ripe for weeding out and revival.

The Allnatt board, which directly or indirectly controls about 57 per cent of the equity, will be no pushover. Failure to agree or the disclosure of terms which look a little on the mean side could have one or two other property companies knocking on Allnatt's door.

A smart restart for swinging Carnaby Street

THE WORN OUT psychedelic plastic paving along Carnaby Street is to be replaced by more subdued traditional stone and paving bricks. That, along with a few extra lamplights and benches, is Westminster Council's side of the bargain with Peachey Corporation to give the world-famous street a new image for the 1990s.

Peachey, which owns most of the street since buying the west side from the Crown Estate for £10.5m in the summer, plans to replace many of the cheap "T-shirt" and jeans merchants with a smarter mix of fashion and food while leaving room for some flair and fun.

With listed status slapped on the whole west side of Soho, refurbishment is the next best alternative to redevelopment for Peachey, which now owns almost three acres in the locality, embracing 126 retail units, four office buildings and a total lettable floor space of 300,000 sq ft.

It has already tested the water in Newburgh Street, which runs parallel to the east of Carnaby Street, where shops have been renovated with some success. Refurbished offices are achieving rents of from £8 to £12 a sq ft. Peachey estimates that the east side, where refurbishment began five years ago, has increased in value from £3.8m to £9m.

Carnaby Street lies just behind Regent Street and Peachey hopes to improve connecting Kingley Street and Foubert Place to bring in the shoppers from Liberty's and other leading stores.

The marketing, through Healey & Baker, starts now and the hope is that the world famous name will give them the edge on other West End competition, in the shape of West One, St Christopher's Place and South Molton Street, and imminent developments at the Trocadero and the old Swan & Edgar store at Piccadilly Circus.

Peachey estimates expenditure of £2m in the current financial year, with noticeable changes appearing probably in 1985—300 years after the street was first laid out. The vast majority of Peachey's 194 tenancies expire in the next two years, allowing a rapid changeover—if the right tenants can be found.

No key tenants have been signed up yet, so it is difficult to assess the likely pace of the upgrading or the kinds of rents Peachey will get from retailers. Managing director John Smith insists that strict control will be maintained on any assigning of leases to prevent retail units being passed on to unsuitable tenants.

Certainty, the £10.5m that Peachey paid the Crown Estates for the west side appears a bargain, but just how quickly the benefits are going to filter through to the bottom line remains uncertain. Meanwhile, shareholders have been rewarded with a generous 14 per cent increase in the total dividend and the shares are a shade above the average discount for the sector.

ALISON HOGAN

Shop rents 'ready to surge ahead'

WITH RETAIL sales volume and profits forecast to move ahead over the coming months, the outlook for shop rents is the brightest for several years.

Hillier Parker May and Rowden says rents, when adjusted for inflation, will grow at a rate of nearly 6 per cent over the next two-year period. In current prices, they will be rising at an annual rate of nearly 14 per cent by next May, before the rate of increase slows.

● St. Andrews House, Woking—now Costain House—has been let to Costain at £635,000 a year with an initial 13-month rent-free period. The 59,000 sq ft building is owned by Universities Staff Superannuation Fund, represented by Jones Lang Wootton. Richard Ellis acted for Costain.

● British Rail Property Board is, through Pepper Angliss & Yarwood, to auction 34 mixed freehold properties producing £337,570 a year in rental income on November 17.

● The City of Bristol is to retain the freehold of Broadmead shopping centre and will offer new, 125-year leases at 2½ per cent ground rents to head lessees. Occupational lessees may also have the same opportunity. Hillier Parker May & Rowden will help in negotiations.

● Robert Fleming will occupy all but about 15,000 sq ft of the 100,000 sq ft of office space to be jointly developed and owned with Commercial Union Properties at the corner of London Wall and Copthall Avenue, City. There will also be a shopping arcade.

● Crest Estates' 24,000 sq ft office scheme at Prewetts Mill, Horsham, has been pre-let to United Rum Merchants at a rent of nearly £8 a sq ft and has sold the investment to Lloyds Register of Shipping Superannuation Fund — clients of Savills — for over £3.5m.

● Valin Pollen is paying £11.25 a sq ft for 20,000 sq ft of office space at 46-48 Grosvenor Gardens, Victoria. Bernard Thorpe, Knight Frank and Rutley and Howard Minter were instructed by BP Chemicals, which recently put its 160,000 sq ft Victoria headquarters on the market through Savills.

● Apologies to Zadelhoff and Jones Lang Wootton for not giving credit where credit was due. The 7,000 sq m Amsterdam letting referred to last week was arranged by Zadelhoff and the 9,000 sq m Utrecht letting was handled by JLW.

TECHNOLOGY

EDITED BY ALAN CANE

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Joint venture caters for custom design

BY GEOFFREY CHARLISH

ANOTHER LINK has been added to the chain of semiconductor plants that American Microsystems Inc., (AMI), is deploying across the world to maintain its position in the fast expanding custom chip market.

It already has plants in the U.S., in Japan (Asahi Microcircuits) and in Korea. Last week a completely self-contained U.S.$50m design and production unit was opened by Austrian Chancellor Dr Sinowatz outside the town of Gratz.

Austrian Microcircuits International is a joint venture between AMI of Santa Clara, (a Gould Inc subsidiary), and Voest-Alpine AG, an Austrian company with interests in steel and electronics.

It is believed to be the largest plant of its kind in Europe and possibly in the world, with a present capacity of 1,000 four inch wafers per week and an eventual maximum of 5,000 a week. All the equipment for wafer stepping, diffusion and other major processes is able to handle five inch wafers.

The type of chip that AMI makes is finding increasing application in rapidly expanding areas such as the personal computer, telecommunications and the car industry. There, long runs make it practical to use application - specific circuits rather than designing equipment around several standard chips bought off the shelf from the manufacturer.

According to Glen Penniston, chairman and CEO of AMI, the value of the total, world-wide semiconductor market should amount to over $21bn this year and is likely to reach $39bn by 1986—a compounded growth rate for the industry of over 17 per cent.

Penniston expects metal-oxide-silicon (MOS) technology to be dominant and to rise to 52 per cent by 1986 from its present level of 42 per cent.

Within that MOS market he predicts that whereas the share for standard mass-produced circuits will drop from 74 per cent to 64 per cent, the kind of application-specific circuits that AMI makes will rise from a market share of 26 per cent at present to 36 per cent by 1986.

In the new plant AMI is aiming at minimised costs and turnround times for circuits. Dr Lee Seely, president of the Austrian company, said at the opening that customers are now demanding much faster service than the industry has so far been able to achieve.

He continued: "The life time of products is continuing to get shorter. This automatically means that product development times must be correspondingly reduced."

One way the company is speeding things up is to make maximum use of computer-aided design. These CAD programs simulate the electronic functions of the customer's product and verify that they do what he intended. Other programs then represent the functions in such a way that they can easily be converted into a silicon chip.

If desired, the customer can do his own design with a tool called Sceptre, allowing him to manipulate large amounts of data quickly and easily. The final outcome is a data tape made from the customer's floppy disc. This directly operates a "direct step on the wafer" machine in which all the time consuming mask-making processes previously associated with chip manufacture are eliminated, saving more time and money.

Instead of making these masks at many times full size and using photographic reduction to produce the tiny, extremely complex patterns on the face of the silicon wafer, an electron beam is used for direct writing of the masks at actual size.

After the wafers have been cut into chips and bonded into their packages the Gratz plant can bring a formidable array of automatic test equipment into action. Accounting for some $4m of the capital cost of the plant, it includes a pair of Fairchild Sentry 7 testers, a Xincom 5582 unit for testing memories and six automatic handlers for the various packages involved.

An electron microscope and X-ray spectroscopic analysis equipment keep a constant check on quality.

The plant is also not short of computer control. M^st of the production machines are managed by a microprocessor and there are 10km of cable connecting up over 100 terminals to the HP 3000 mainframe. Inventory, cost, and engineering data is collected throughout the plant for analysis. There are a further 10 on-line business systems for finance and administration.

AMI says it can offer the complete spectrum of custom design technique, ranging from the simple gate array through the standard cell approach to the fully customised circuit in which analogue and digital circuits can be combined.

Further increases in complexity might lengthen the design time says Seely, but the time to produce wafers will remain the same.

At the moment, the company talks in terms of a total time of four wee^s—from the production of a tape from CAD for the electron beam mask maker, through to packaged and tested parts.

It is a far cry from the early days of custom design, when as many months would have been needed.

The new custom design facility at Graz has the very latest in production technology. The factory hopes to cater for a significant part of the growing market in special silicon chips.

CAD systems

Rotring ties up with PAFEC

PAFEC is a small but rapidly growing supplier of computer-aided design systems which has recently signed up an important agreement with Rotring, the West German drawing office equipment maker.

Rotring is to market PAFEC's CAD systems in German-speaking markets and the deal could be worth millions of pounds a year to the British company. Rotring has set up a subsidiary called EuroCAD to market the system.

The main system that will be marketed is PAFEC's design office graphics system, called DOGS, for computer-aided engineering. Since the company's formation seven years ago, turnover has risen to £3.1m. The company was set up by six members of staff at Nottingham University. Now it employs about 100 people and has offices in London, Bristol and Edinburgh as well as Nottingham.

Telecoms

Investment for optic fibres

FOCOM SYSTEMS, a three-old optic fibre company, has received £580,000-worth of investment from the British Technology Group and Barclays Development Capital.

The company was formed in 1980 following a management buy-out from the fibre optic group of Rank Precision Industries. Now it has developed expertise in short distance data communications systems.

For example, it has installed optical cables for a closed circuit television system at the National Coal Board's Hem Heath Colliery in Staffordshire and a traffic control communications link between the Greater London Council and New Scotland Yard. Part of the new finance will be used to develop its products further.

TI MODEMS LINK COMPUTERS TO PHONES

Digits to bleeps by chip

BY ALAN CANE

UNTIL THE world moves to telecommunications based entirely on digitals signals—the language used by computers—there will always be a need for a device to translate between the computer system and the telecommunications systems.

That device is called a modem (modulator demodulator) and in its earliest incarnation it was about the size of one of today's desk top microcomputers.

Modems take digital signals from the computer and convert them into the analogue information that the telephone system is best able to transmit and vice-versa.

Telecommunications centres were and still are to some extent distinguished by the huge racks of modems lining the walls busily translating information from digital form to analogue and back again.

As the microelectronics revolution got under way, so it became possible to build a modem based on a handful of chips no bigger than a desk-top card file. Now two companies, Advanced Micro Devices (AMD) and Texas Instruments (TI) have managed to shrink all the necessary circuitry on to a single chip.

The AMD 7910 device is the more complex of the two, offering 300, 600 and 1200 line speeds (CCITT V.21 and V.23). The Texas TCM3101 offers Bell 202/V.23 compatibility and is cheaper.

Manufacturers who make the kind of equipment which needs modems are eagerly evaluating the two chips to see which suits their particular needs, but the emergence of these two new devices has a significance far beyond a marketing battle between two silicon houses.

Cheap, tiny modems are the key to cheap computer communications—and that means a new boost for devices such as personal computers, videotex terminals, airline and bank teller workstations, and automated teller machines in banks.

Reviewing the prospects for the new TI chip, Frank Owen, worldwide strategy manager for TI's telecommunications programmes, said: "There is every sign that this chip will be the new TMS 1000."

He was referring to TI's best selling four bit microprocessor chip whose sales world-wide are now somewhere over the 80m mark.

What makes the new TI chip interesting is that it is fashioned in CMOS, a way of fabricating silicon chips that is very fashionable at the moment because chips made this way use very little power—and in consequence dissipate less heat than chips made by other techniques.

Built for French experiments in viewdata technology, the chip is a 1,200-bits-per-second, frequency shift keyed modem which allows users to transmit data entered through a keyboard at the same time as incoming data are being received.

Already U.S. personal computer users are thinking of novel uses for the new chip, Mr Owen says. Some, for example, are playing computer games—but in two separate houses connected by the telephone line.

With widespread interest in connecting microcomputers together in networks to gain access to information stores—the BT Prestel operation is a UK example. The Source, one from the U.S., the market for low-cost ways of connecting digital devices to the telephone network, is in its infancy. But there is no reason to doubt Mr Owen's claim that his chip—and that of AMD—must be massive sellers. "The secret in this kind of integration" he says, "is always to cut costs."

EDINBURGH UNIVERSITY TAKES ON ICL WORK

The bridge between text and data

BY PAUL WALTON

EDINBURGH UNIVERSITY will be the proving ground for ICL's digitised voice and data network.

Mr Scott Currie is the project's leader at Edinburgh. He said the development work will be of great competitive benefit to the UK's major domestic computer vendor ICL. The government is also involved in the £800,000 collaboration.

Academics at Edinburgh will be building one of the first integrated voice and data computer networks using a digital private automated branch exchange (pabx) together with a local area network.

"The objective is to prove that it will actually work, and it will be the first commercial application of the ideas for ICL," Mr Currie said.

He added that proving standards, or even detailing some new ones, would be as important as building a working system for the University's own use by 1985. This could give ICL a vital lead in the scramble for integrated computer and communications standards, and a first working site to show potential customers.

Edinburgh's network will see the connection of ICL's digital pabx (the Mitel SNX 2000) to the suppliers own Ethernet-type Oslan local area network in the first instance, with the first appearance of a new ICL product called the voice server.

Mr Curie explains that software inside the voice server will allow digitized voice to be stored on magnetic media, or forwarded along the Oslan network in much the same way that digital data such as text, graphics or computer instructions are already passed around the system.

"We will be looking for the best place to connect terminals, to either the pabx or on to the local network, to get the best performance," he said. He added that this work will go much further in time, as the difficult task of balancing the flow of information around the network is tackled.

The University will be almost unique in having the four most popular types of digital communications networks at its disposal, in order to work out the complex connections which have to be made between them: the Oslan Ethernet network; the Cambridge Ring, which is the other species of token ring network; the X25 computer to computer link; and the next generation of digital telephone systems.

Mr Currie said that a team of half a dozen people at Edinburgh would be doing some other unique work too: "We're going to build an intelligent bridge linking two Ethernets, and we'll try to develop some standards for the transmission of graphics and facsimile."

He said that the "bridge" between two Ethernet local area networks would be accomplished by a separate device, programmed to "intelligently" switch message between various addresses. These might be terminals or peripherals, such as the expensive laser printer which Edinburgh will use as a shared resource.

Management

Playing the technology game

A GAME to test management skills in information technology is to be run as a national competition sponsored by Philips Business Systems.

Companies interested in competing in the competition, which is to be run by Computer Management magazine, have to be registered by November 11. The game will be contested in Birmingham on January 17 next year.

Teams will have to devise a proposal for a fictitious trading company needing a data processing strategy for more effective information handling. More details are available from EEC Publications, 196-200 Balls Pond Road, London.

Photography

Computer pictures

POLAROID has introduced a low-cost, interactive film recorder to produce high-quality 35mm slides and instant photographs of personal computer graphics.

Called the Palette, it is designed to use with personal and small business computers to make presentation quality colour or black-and-white graphics hard copy. More information is available from Polaroid at St. Albans on 0727 59191.

Materials

Brake coating

A ST HELENS based engineering company, AR Engineering, says that it has developed a coating technique which could extend the life of brake shoes by as much as five times. The company, which is hoping to double its turnover as a result of the development, has received approval from British Leyland. More information is available on St Helens 38064.

FINANCIAL TIMES

Friday October 28 1983

World wheat estimate cut, Page 36

WALL STREET

Investors pay price of optimism

STOCK MARKETS on Wall Street remained subdued yesterday with the continuing international uncertainties reinforcing the market's doubts over the short-term outlook for both equity and fixed-interest securities, *writes Terry Byland in New York.*

The Dow Jones Industrial average was down 1.73 at 1,242.07 at the close. There were 79.7m shares traded.

Bond prices rallied by just under ½ point but could find few buyers despite the steady rise in yields over the week. Leading stocks recorded small losses and over the broad range of the market sellers were still in the majority.

Traders commented that the stock market had been unsettled by the lacklustre performance of the fixed-interest sector. The bond market was fairly happy with the details of the Treasury's funding plans for the next quarter, announced late on Wednesday.

But a further cause for unease came at the opening of yesterday's market when the Treasury postponed the day's planned auction of $7.75bn in one-year issues, blaming the Senate delay in approving the new debt ceiling. While the delay is almost a tradition, it is a reminder of the political disapproval of high federal deficits.

Dealers also said that the stock market is paying the price for some over-optimism at the opening of the quarterly reporting season. Results from major companies have often been either discounted by the market in advance or have fallen short of expectations.

The stock market session opened with a warning on profits from Asarco, the asbestos and metals group, which dipped by $1 to $27⅞.

Another pointer to the market's uncertainty was in Commodore International, the star of the personal computer industry, which shed a further $2⅞ to $32 despite a vigorous denial from its chairman of rumours of a high return rate on the recently introduced 64 model. The stock fell sharply on Wednesday following the announcement of quarterly figures.

Motor issues could not sustain the gains which greeted profits news this week from the major Detroit manufacturers. General Motors lost $⅞ to $78⅛ and Chrysler $1⅜ to $28⅜ while Ford at $66 was down $⅛ after disclosing substantial profit in the third quarter.

Oil shares turned lower after Standard Ohio, controlled by British Petroleum, fell $1⅛ to $51¼ on disclosure of a 10 per cent drop in earnings. Standard California lost $⅞ to $34½ Standard Indiana $¼ to $49¼ and Exxon at $38⅜ gave up $¼.

On the other major corporate reporting fronts, Du Pont edged ahead by $⅛ to $52¼ in somewhat restrained response to higher profits in the third quarter. Dow Chemical at $34⅛ and Union Carbide at $65⅛ were each $⅛ lower.

But the weak spot in chemicals was Monsanto, a further $2½ down at $104, still responding to bearish comment from a leading brokerage house.

Recent U.S. buyers of Imperial Chemical of the UK were pleased with the trading results and the stock, traded as American Depositary Receipts on the American Stock Exchange, put on $¼ to $8⅝.

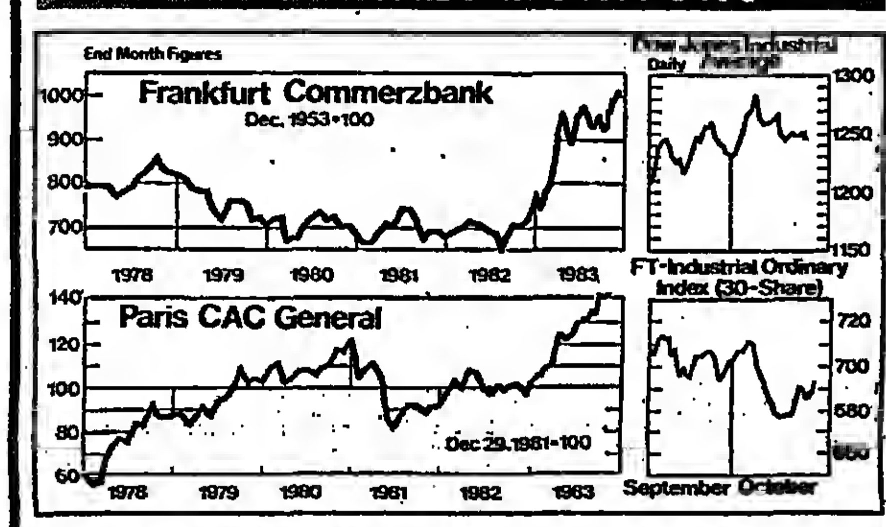
Airline issues presented a firm face, helped by the results from Delta, $¼ up at $37 and United Airlines $⅛ higher at $29⅞.

IBM, $1⅜ up at $129⅝ regained leadership of the mainframe computer sector from Honeywell which fell $2¼ to $124⅝. AT & T jumped $1¼ to $61⅛ as the market tried to guess the future for the group after the sale of the operating companies.

Retail stocks weakened, as the market awaited the quarterly trading season. Toys R Us, the largest speciality store, fell $2½ to $38⅛, Dayton Hodson shed $1 to $36¼ and only Sears Robuck, now seen as an interest rate stock because of its consumer financing operations, resisited the trend with a rise of $¼ to $40⅝.

The key long bond traded at 102 11/32, a net 23/32 up and yielding 11.69 per cent. The same yield was shown on the new 10-year bonds due for sale next week and trading yesterday on a when-issued basis.

KEY MARKET MONITORS



STOCK MARKET INDICES

	Oct 27	Previous	Year ago
NEW YORK			
DJ Industrials	1242.07	1243.80	1006.35
DJ Transport	580.44	580.25	421.39
DJ Utilities	139.69	140.22	119.6
S&P Composite	164.64	165.38	135.28
LONDON			
FT Ind Ord	694.0	690.0	594.0
FT-A All-share	432.54	431.66	369.25
FT-A 500	468.80	467.72	408.07
FT-A Ind	426.46	423.73	377.20
FT Gold mines	478.3	509.3	359.9
FT Govt secs	81.75	81.94	83.73
TOKYO			
Nikkei-Dow	9323.09	9246.55	7269.96
Tokyo SE	683.68	678.15	542.52
AUSTRALIA			
All Ord.	677.2	677.4	506.9
Metals & Mins.	499.1	500.0	410.0
AUSTRIA			
Credit Aktien	54.32	54.35	47.49
BELGIUM			
Belgian SE	123.3	124.11	98.65
CANADA			
Toronto Composite	2371.8	2484.5	1779.1
Montreal Industrials	419.90	422.37	321.32
Combined	402.95	405.23	304.45
DENMARK			
Copenhagen SE	200.54	198.7	90.26
FRANCE			
CAC Gen	141.2	141.2	99.6
Ind. Tendance	149.6	149.6	118.3
WEST GERMANY			
FAZ-Aktien	338.28	340.08	234.29
Commerzbank	1003.4	1009.2	709.3
HONG KONG			
Hang Seng	915.28	797.85	774.91
ITALY			
Banca Comm.	185.82	185.92	163.6
NETHERLANDS			
ANP-CBS Gen	137.4	139.5	95.0
ANP-CBS Ind	112.4	113.9	72.9
NORWAY			
Oslo SE	207.59	207.59	104.61
SINGAPORE			
Straits Times	945.62	945.62	719.32
SOUTH AFRICA			
Golds	n/a	727.1	719.5
Industrials	n/a	901.6	690.8
SPAIN			
Madrid SE	123.25	122.41	100.59
SWEDEN			
J & P	1439.24	1422.7	737.87
SWITZERLAND			
Swiss Bank Ind	344.9	342.9	263.1
WORLD	Oct 26	Prev	Yr ago
Capital Int'l	179.0	179.9	142.7

GOLD (per ounce)

	Oct 27	Prev
London	$383.625	$388.125
Frankfurt	$384.75	$391.00
Zürich	$384.50	$393.50
Paris (fixing)	$385.45	$396.10
Luxembourg (fixing)	$385.00	$397.00
New York (Oct)	$386.20	$396.50

* Indicates latest pre-close figure

CURRENCIES

(London)	U.S. DOLLAR Oct 27	U.S. DOLLAR Previous	STERLING Oct 27	STERLING Previous
$	–	–	1.494	1.4965
DM	2.618	2.6195	3.9125	3.9225
Yen	232.55	232.8	347.5	348.5
FFr	7.985	7.98	11.925	11.94
SwFr	2.123	2.1255	3.1725	3.185
Guilder	2.9395	2.9425	4.3925	4.405
Lira	1595.5	1593.5	2383	2385
BFr	53.34	53.13	79.7	79.75
C$	1.23225	1.23275	1.8405	1.844

INTEREST RATES

	Oct 27	Prev
Euro-currencies (three month offered rate)		
£	9⅝	9⅝
SwFr	4⅛	4 1/16
DM	5⅞	5⅞
FFr	13⅛	13⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 11/16	9 11/16
6-month U.S.$	9 13/16	9 13/16
U.S. Fed Funds	9⅝	9⅛
U.S. 3-month CDs	9.25	9.25
U.S. 3-month T-bills	8.63	8.65

U.S BONDS

Treasury	Oct 27 Price	Oct 27 Yield	Prev Price	Prev Yield
10½ 1985	99 27/32	10.56	99 26/32	10.58
11½ 1990	99 27/32	11.52	99 22/32	11.56
11⅞ 1993	101 12/32	11.62	100 29/32	11.69
12 2013	102 11/32	11.69	101 20/32	11.76
Corporate	**Oct 27 Price**	**Oct 27 Yield**	**Prev Price**	**Prev Yield**
AT & T				
10⅜ June 1990	93⅜*	11.75*	93⅜	11.75
3⅞ July 1990	69⅝*	10.50*	68⅝	10.50
8¾ May 2000	76*	12.15*	76	12.15
Xerox				
10⅞ March 1993	92⅛*	12.05*	92⅛	12.05
Diamond Shamrock				
10⅜ May 1993	90⅝*	12.30*	90⅝	12.30
Federated Dept Stores				
10⅜ May 2013	87.132*	12.25*	87.132	12.25
Abbot Lab				
11.80 Feb 2013	96.396*	12.25*	96.396	12.25
Alcoa				
12¼ Dec 2012	96.16*	12.75*	96.16	12.75

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	71–05	71–09	70–22	71–03
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.15	91.11	91.10	91.14
Certificates of Deposit (IMM) $1m points of 100%				
December	90.50	90.51	90.41	90.46
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.32	90.35	90.30	90.30
20-year Notional Gilt £50,000 32nds of 100%				
December	107–07	107–31	107–05	107–27

COMMODITIES

(London)	Oct. 27	Prev
Silver (spot fixing)	575.80p	633.20p
Copper (cash)	£919.00	£922.00
Coffee (Nov)	£1840.50	£1894.00
Oil (spot Arabian light)	$28.65	$28.65

LONDON

ICI shifts emphasis to equities

THE EMPHASIS in London stock markets shifted yesterday to equities with the accent on U.S. favourite ICI, up 8p to 576p after third-quarter results. Other equities took their cue from ICI and boosted the FT Industrial Ordinary index by 4 to close at 694.

Cable and Wireless shed 5p to 260p on confirmation that the UK Government is considering the sale of part of its 45 per cent stake in the group.

Profit-taking took its toll on longer-dated government stocks, with falls up to ⅛, while shorts lost about 3/16 of recent gains. *Details, Page 31; Share Information Service, Pages 32–34.*

HONG KONG

A ONE POINT cut in prime rate to 15 per cent took shares higher in an active Hong Kong market. Most deposit rates also fell by one point.

The Hang Seng index rose quickly after the announcement and then levelled off to hold the rise, ending up 17.43 at 815.28.

The possibility of a prime rate cut sparked a rally on Wednesday. Investors, however, are still cautious about the market and believe that recent gains will only be held if there are further interest rate cuts in the near future.

SINGAPORE

LATE BARGAIN hunting and short covering left Singapore to close mixed after an easier opening. The Straits Times Industrial index ended unchanged at 945.62 on a lower turnover than in the previous session.

Promet was the most actively traded share for the second successive day, ending 2 cents higher at S$4.12. This followed an announcement that it had incorporated two wholly owned companies to carry out property developments.

AUSTRALIA

SHARES ENDED mixed in Sydney with a lack of foreign buying keeping volume low. Some selling orders early in the session pushed prices lower, but later bargain hunting pulled shares back.

Oil issues were little affected by reports that the preliminary results from Naccowlah South One well had signalled the discovery of another south-west Queensland oilfield. Among the Naccowlah partners, Santos closed steady at A$7.26 and Ampol Exploration retreated 10 cents to A$3.25.

SOUTH AFRICA

EVERY gold share traded yesterday in Johannesburg plunged in a cascade of selling, with Gold Fields suffering one of the largest falls of the session, a drop of R9 to R100, on a weaker bullion price.

Free State Geduld incurred a proportionately higher loss of R4.5 to R39.25, while Anglo American Gold shed R4.75 to R118. Buffels surrendered R2.5 to R49.

Barlow Rand, the largest industrial group in South Africa, fell 30 cents to R12.4

CANADA

SUSTAINED WEAKNESS in golds pushed Toronto sharply lower by mid-session, with large losses also in oils, metals and transport issues.

Canadian Occidental Petroleum fell C$1⅛ to C$28¾ although Dome Petroleum gained 5 cents to C$4.05.

Banks, industrials, papers and utilities were all lower in Montreal.

TOKYO

Blue chips underpin new demand

DEMAND REVIVED in Tokyo yesterday, underpinned by a bout of buying of blue-chip issues by a leading investment trust management company in the wake of heavy selling due to political turmoil at home and abroad. Meanwhile, the bond market remained in the doldrums, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow Jones market average gained strength on small-lot buying, jumping 78.54 to end at 9,323.09. Volume remained thin at 248.76m shares – the first time in four trading sessions to exceed 200m – against the previous day's 188.86m.

Market sentiment was enlivened by buy orders placed by Nomura Investment Trust Management for blue-chip stocks like Hitachi, Mitsubishi Electric and Matsushita Electric Industrial in lots of 50,000 to 100,000 shares. Its buy orders fell short of 1m shares, including those for other quality issues, but its purchases helped lure investors back to the market.

High-priced quality issues gained ground with Hitachi putting on Y5 to Y870, Fujitsu Y40 to Y1,320, TDK Y130 to Y4,780 and Kyocera Y200 to Y6,900.

A pick-up in demand for vehicles in Japan and the U.S. took vehicle shares further upward, pushing Toyo Kogyo up Y33 to Y494.

Elsewhere, Sumitomo Electric, which is involved in the projected information network system (INS), an advanced nationwide telecommunications grid using optical fibre cables, firmed Y6 to Y856.

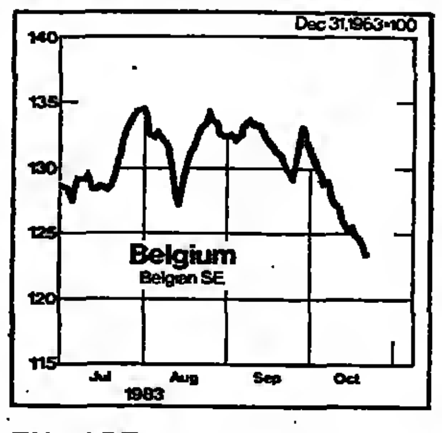
Maruzen Oil and Daikyo Oil, which lost ground as investors were daunted by the planned merger of their refinery areas into a new company, fell further, with Maruzen Oil slipping Y28 to Y355 and Daikyo Oil Y18 to Y336.

Aoki Construction, a highly speculative issue, moved the maximum Y50 to Y850, but non-ferrous metal shares eased across the board.

In the bond market, investors stayed on the sidelines awaiting new buying stimulus.

A sogo (mutual) bank and two regional banks sold government bonds with a relatively long term remaining to maturity in small lots, while financial institutions serving the agricultural and forestry sectors and trust banks bought bonds in small lots.

In inter-broker trading, the benchmark 7.5 per cent long-term government bond, maturing in January 1993, was marked up, and the yield continued below the previous day's 7.75 per cent, but rebounded to 7.755 per cent by the close.



EUROPE

Queue forms in Frankfurt profit-taking

SMALL INVESTORS fell in line with the institutions by taking profits in Frankfurt yesterday and the market suffered a second successive reverse after its two-week run up to record levels. The Commerzbank index, calculated at mid-session was down 5.8 at 1,003.4.

An early attempt to push prices higher – soon failed and a sometimes volatile mood prevailed as the small investors sold nervously, following the Government's decision to sell off a 13.75 per cent stake in Veba, the energy concern.

Veba had fallen back in after-hours trade on Wednesday following the Government's announcement and the decline continued yesterday. At the close, Veba was down DM 6.40 at DM 165.80.

Lufthansa also came in for some nervous selling on the view that the Government could plan to reduce its 74.3 per cent stake. Its ordinary shares fell DM 3.50 to DM 127.50.

There were also gains in some sectors and this buoyed hopes that there could soon be a halt to the downward trend. Tyre maker Conti-Gummi added DM 2.70 to DM 117.70 and BMW was DM 2.50 ahead at DM 412.50. In chemicals, Hoechst held on to mid-session gains, closing up DM 1.20 at DM 171.20.

Domestic bonds recorded narrow fluctuations with little fresh impetus coming from the Federal Government's new loan stock – an 8¼ per cent issue priced at 100.25 to yield 8.21 per cent.

The trend in **Amsterdam** was again lower in listless trading. The threat of possible strikes in the Netherlands in coming weeks in protest at Government plans for a wage cut was cited as a reason for reduced foreign demand for Dutch shares.

Banks and insurances were the weakest sectors, mainly on concern about the course of U.S. interest rates. ABN fell Fl 12 to Fl 347.

The recent series of captial increases by Belgian companies was among reasons for shares again being depressed in **Brussels**. Around BFr 20bn in new stock is expected before the end of the year.

Bruxelles Lambert, which announced a BFr 8.7bn rights issue – the largest in Brussels stock exchange history – was marginally ahead, closing BFr 10 up at BFr 2,325.

A quickening in French retail price growth in September compared with August hindered shares in **Paris** and the market closed mixed after a slow session.

CIT-Alcatel was a bright performer, however, adding FFr 30 to FFr 1,410

Milan also ended mixed with financials suffering the largest losses, while industrials held steady. Fiat was in strong demand, adding L19 to L2,909 while Pirelli was up L30 to L1,470.

In **Zurich**, prices were buoyed by the strength of shares in several chemical manufacturers and the market continued firmer. Hopes of lower domestic interest rates and some recent quarterly results are also aiding sentiment.

Among banks, Bank Leu added SwFr 100 to SwFr 4,200 after its announcement of a one-for-10 rights issue.

Stockholm continued stronger as concern about Government budgetary measures eased while **Madrid** also moved ahead in quiet trading.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅞	7⅞	AAR	.44	3.2	18	10	13⅞	13¾	13⅞	−⅛
52⅞	39½	ACF	1.40	2.8	63	112	49½	49¼	49½	
20	14⅛	AMF	.50	2.8		1063	18	17¾	17⅞	−⅛
38⅛	16½	AMR Cp			14	3469	31⅞	31¼	31⅝	−¼
19	15	AMR	pf2.18	12		41	19	18⅝	18⅝	−⅛
39⅛	24⅝	AMR	pf2.13	8.1		398	35¼	35⅛	35	−¼
15⅛	2⅝	APL			27	8	13	13	13	
55	31⅛	ARA	2.05	4.3	12	136	48	47¼	47¾	−⅛
79⅞	49	ASA	3a	5.7		1187	52½	51⅛	52¼	−⅜
33⅞	11⅛	AVX	s .32	1.4	34	170	22½	22	22½	−¼
53⅞	34⅛	AbtLab	1	2.0	19	1062	51⅛	50⅞	51	−½
30⅞	23⅛	AccoW	n .50	2.0	18	44	24½	24½	24½	−⅛
27½	16⅛	AcmeC	.40	1.8		123	22½	22¼	22½	
14⅞	7⅞	AcmeE	.32b	2.9	556	17	11⅛	11⅛	11⅛	−⅛
24⅞	9	AdmDg	.04	.2	17	18	23⅝	23¼	23⅝	+⅛
17⅞	14⅞	AdaEx	1.73e	9.8		103	17¾	17½	17⅝	−⅛
18⅛	7⅛	AdmMl	.24	1.7	7	30	14⅛	14	14⅛	−⅛
18⅞	8⅞	Advest	s .12	1.0	7	109	12⅛	12	12⅛	+⅛
34⅞	10⅞	AMD	s		51	1601	30¼	30⅛	30¼	−⅛
24⅞	12⅞	Aerflx	s		16	24	15½	15⅛	15⅛	−⅛
44⅞	32⅞	AetnLf	2.64	7.2	7	1814	36⅞	35⅞	36⅝	+⅜
65	55½	AetL	pf5.18e	9.3		73	55½	55¼	55½	−½
40½	17½	Ahmns	.60	2.2	15	1492	27⅞	26⅛	27	−1½
7⅞	2⅞	Aileen				198	4⅞	4⅞	4⅞	−⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 29

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Prev. Close Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 28

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Prev. Close Ch'ge
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37¾	18¾	WarnLm	1 08	3 2	11	92	26⅞	25¾	25¾	−¼
22¼	18½	WshWt	2.40	12.	7	172	21½	20⅞	21	+ ⅛
61⅞	39½	Waste	.88	1.8	17	1221	42½	42	42½	+ ⅜
62	39	Watkn	.68	.9	15	57	79¾	79½	79½	− ¼
15⅞	8¼	WayGos	.20	1 4	17	22	14⅛	14	14⅛	+ ⅛
30	18⅞	WayG	pf1 80	5.8		2	27¼	27¾	27¾	
9¼	3⅝	WeanU				9	6¼	6⅛	6⅛	
25	7¼	WebbD			41	219	17⅝	17⅜	17⅜	− ⅛
40⅞	25	WeeM	s .36	1 6	14	27	31¾	31¼	31⅝	
39¾	26	WellsF	1 92	5 4	6	89	35⅝	35	35¼	− ⅜
30	23⅝	WelFM	2.80	9 8	9	35	28½	28⅛	28½	+ ½

Continued on Page 30

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursemests based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 29

NEW YORK CLOSING PRICES

Continued from Page 29

CANADA

DENMARK

NETHERLANDS

AUSTRALIA

Oct. 27	Price Aust. $	+ or —
ANZ Group	6.3	—0.04
Acrow Aust.	1.72	.....
Alliance Oil D.	0.84	—0.02
Ampol Pet.	1.9	—0.02
Aust Cons Ind.	2.57	+0.02
Aust. Guarant.	2.6	+0.01
Aust. Nat. Inds.	2.5	—0.02
Aust. Paper	2.15	—0.02
Bond Hldgs	1.07	.....
Boral	3.06	.....
B'ville Copper	2.3	.....
Brambles Inds.	3	.....
Bridge Oil	3.2	+0.15
BHP	11.5	+0.05
CRA	5.5	—0.04
CSR	3.85	+0.05
Carlton & Utd.	2.75	—0.05
Castlemaine	4.1	.....
Coles (G.J.)	3.55	+0.02
Comalco	2.9	.....
Consolidated Pet.	0.48	.....
Costain	1.25	.....
Dunlop	1.45	+0.01
E.Z. Ind.	5.5	.....
Elders IXL	4.1	+0.05
Energy Res.	1.0	+0.05
Gen Prop Trust	1.68	+0.01
Hardie (J.)	6.6	—0.05
Hartogen Energy	2.45	—0.05
Herald W'y Times	2.05	+0.03
ICI Aust.	1.02	—0.02
Jimb'lana (50cFP)	0.23	.....
Kia Ora Gold	0.19	—0.01
Land Lease	4.25xd	—0.15
MIM	3.06	.....
Mayne Nickless	2.8	—0.02
Meekatharra	1.45	.....
Myer Emp.	1.66	.....
Nat.Com.Bk.	3.3	.....
News	6.9	—0.1
Nicholas Kiwi	2.9	.....
North Bkn Hill	3.04	—0.04
Oakbridge	1.05	—0.05
Otter Expl.	0.59	.....
Pancon	1.38	—0.01
Pioneer Conc.	1.73	—0.02
Reckitt & Coln	3.16	.....
Repco	1.2	.....
Santos	7.26	.....
Smith (H.)	3.55	.....
Southland Min'g.	0.26	—0.01
Spargos Expl.	0.36	.....
Thos. Natwide	1.65	—0.05
Tooth	4.8	+0.1
UMAL Cons.	3.39	+0.02
Vamgas	4.2	.....
Western Mining	3.46	—0.02

JAPAN (continued)

Oct. 27	Price Yen	+ or —
Konishiroku	548	+5
Kubota	305	.....
Kumagai	470	.....
Kyoto Ceramic	8,900	+200
Maeda Const	533	.....
Makino Milling	1,230	+30
Makita	1,190	—20
Marubeni	277	—1
Marudai	505	+1
Marui	1,140	.....
MEI	1,745	+50
M'ta. Elec Works	584	—4
M'bishi Bank	501	+1
M'bishi Corp.	532	+2
M'bishi Elec	425	+7
M'bishi Estate	486	.....
MHI	248	+6
Mitsui Co	364	—1
Mitsui Estate	750	+5
Mitsukoshi	350	.....
NGK Insulators	275	.....
Nihon Cement	204	.....
Nippon Denso	1,600	+60
Nippon Elect.	1,290	+10
Nippon Express	261	+2
Nippon Gakki	630	—2
Nippon Kokan	146	.....
Nippon Oil	1,120	—30
Nippon Seiko	570	—25
Nippon Shinpan	715	.....
Nippon Steel	164	.....
Nippon Suisan	311	.....
NTV	6,450	+80
Nippon Yusen	251	—2
Nissan Motor	723	+11
Nisshin Flour	346	+4
Nisshin Steel	143	—2
Nomura	699	.....
Olympus	1,010xa	—140
Omron Tateisi	1,600	.....
Orient Leasing	2,310	.....
Pioneer	2,900	+40
Renown	680	.....
Ricoh	960	+12
Sankyo	717	—3
Sanyo Elect	460	+4
Sapporo	373	.....
Sekisui Prefab	612	—2
Seven-Eleven	6,430	—20
Sharp	1,290	+50
Shimadzu	513	—8
Shionogi	795	.....
Shiseido	1,080	+30
Sony	3,500	+42
Stanley	705	+28
S'tomo Elect	254	+6
S'tomo Marine	230	—3
S'tomo Metal	136	+2
Taihei Dengyo	275	.....
Taisei Corp	229	+4

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

FRANCE

GERMANY

SPAIN

SWEDEN

JAPAN

AUSTRIA

BELGIUM/LUXEMBOURG

SWITZERLAND

ITALY

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

MONTREAL

TORONTO

(**) Saturday Oct. 22: Japan Nikkei-Dow 9318.96 TSE 680.90. Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities. 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Highly satisfactory ICI results lift equity leaders

Profit-taking reverses gilt upturn

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Oct 17	Oct 27	Oct 28	Nov 7
Oct 31	Nov 10	Nov 11	Nov 21
Nov 14	Nov 24	Nov 25	Dec 5

*" New-time " dealings may take place from 9.30 am two business days earlier.

The emphasis in London stock markets yesterday shifted to equities with the accent on U.S. favourite, ICI, following the group's announcement of its eagerly-awaited third-quarter figures. This relegated recently-firm Government Securities, which failed to attract fresh institutional support and consequently drifted lower.

Leading Industrials, having been subjected to another all-too-familiar initial reaction in sympathy with overnight Wall Street, steadied on scattered demand awaiting ICI's statement. Analysts predicted a figure of around £135m-£140m for the group's third-quarter period so the £147m achieved was pleasing and buyers were quick to show their approval.

Standing at the overnight level of 568p immediately ahead of the news, ICI touched 580p in active trading helped by U.S. buying before closing 8 higher on the session at 576p; over ¾m ICI shares changed hands in the first hour's trading on Wall Street yesterday.

Other equity leaders took their cue from ICI and perked up considerably. Hawker were an outstanding feature, jumping 17 to 306p on reports of a favourable trade and brokers' meeting with the company, which has caused at least one house to upgrade its profits forecast. The gains in ICI and Hawker influenced the FT Industrial Ordinary share index which at the close was 4 points up at 694.0; at 10 am, it was a net 1.6 down.

Store issues remained buoyant still reflecting hopes that Christmas trade will be significantly boosted by any cut in mortgage rates. Properties also continued firmly with fresh interest generated by takeover speculation in the wake of the Allnatt London, Guildhall and Slough Estates merger talks and announcement yesterday of Sun Life's awaited agreed terms for North British.

Cable and Wireless remained unsettled and lost 5 more to 260p; the Treasury Secretary confirmed yesterday that the Government was considering the sale of part of its 45 per cent stake in the company. The precise timing and amount of shares to be offered would be subject to market conditions.

British Funds were unable to take Wednesday's impressive advance a stage further. Institutional buyers returned to the sidelines, possibly concerned over current U.S. bond market uncertainties and yesterday's easier sterling exchange rate against the dollar. Profit-taking took its toll and longer-dated stocks went lower to close with falls ranging to ⅝. Shorter maturities lost around $\frac{1}{16}$ of their recent gains.

South African Gold shares took a sharp knock with heavyweight shares falling as much as £5. The market was continuing to reflect its disillusionment with the depressing performance of the gold bullion price—down another $4½ at $383⅝ an ounce—and its refusal to return above the psychological $400 mark despite current international crises. The FT Gold Mines index slumped 31 points to 478.3, its lowest since last December.

Eagle Star good late

Vague rumours that a brokers' defence committee was being formed to fight Allianz's bid for Eagle Star sparked late support for the latter, which rose 15 to 535p. Royals slipped to 475p before reverting to the overnight 480p; the company intends to acquire Silvey Corporation of the U.S. for $50m.

The major clearing banks passed another quiet session and closed marginally easier on balance, but Discount Houses attracted scattered support on the back of the recently firm gilt market. Alexanders firmed 5 to 250p, while Jeset Toynbee, 72p, and Smith St. Aubyn, 40p, both added 2. Gerrard improved 4 to 207p and Clive a penny to 39p. Elsewhere, First National Finance, 62½p, gave up 1½ of the Wednesday's speculative gain of 4.

The official London listing of Australian insurance group FAI saw the shares open at 305p and settle at 300p.

Thoughts of increased spending buoyed sentiment in the drinks sector. The gains owed much to stock shortage, however, dealers reporting only a moderate demand. Grand Metropolitan, exceptionally dull recently, rallied 8 to 320p, while Allied-Lyons, 140p, and Whitbread, 143p, both hardened 2; the last-mentioned is due to announce interim results in the next Account. Among regional breweries, Wrexham-based Border eased 4 to 92p following the gloomy tenor of the chairman's statement which accompanied the virtually unchanged mid-terms results. Elsewhere, Distillers closed 6 better at 222p. Tomatin closed 3 dearer at 28p in belated response to a broker's lunch.

Early interest in Building Material issues fizzled out and quotations drifted off to close lower on balance. London Brick, firm late on Wednesday, touched 104p, but finished 2 cheaper on balance at 102p, while Blue Circle ended 5 off at 405p and Redland 2 easier at 242p. Some Contracting and Construction issues attracted scattered support, George Wimpey firming 3 to 122p and Costain 4 to 214p. French Kier put on 4½ at 101p and SGB revived with a gain of 8 to 126p. Elsewhere, Feb International A firmed 3 to 79p following the interim results, while United Ceramic put on 3 to a 1983 peak of 50p in response to the increased half-yearly profits and Board's cheerful statement. Ibstock Johnsen, still reflecting the interim statement, gained 5 to 156p, but further consideration of Wednesday's poor half-timer left Helical Bar 8 down at 75p. Burnett and Hallamshire remained in the doldrums and shed 5 more to 185p, while Roberts Adlard encountered profit-taking and in a thin market gave up 15 to 150p.

Attention in Chemicals focused almost entirely on ICI, but Laporte found support and improved 4 to 290p. Elsewhere, Coates Brothers shed 3 to 87p following the reduced interim profits.

Retailers continued to benefit from prospects of substantially increased pre-Christmas consumer spending and gains ranged to double-figures. Once again, dealers cited stock shortage as a primary reason for the advance. Gussies A rose 13 for a two-day gain of 28 to 573p, while Marks and Spencer improved in front of next Wednesday's half-timer to close 5 up at 208p. Burton, expected to reveal sharply increased preliminary earnings in the next month or so, ended 5 to the good at 348p. Sympathetic gains were noted in Austin Reed A, 2 up at 132p, and J. Hepworth, 6 better at 190p; Hepworth's annual results are scheduled for next Wednesday. Harris Queensway, 290p, and Home Charm, 120p, rose 6 and 5 respectively. Among electrical retailers, Dixons added 7 at 210p and Currys 6 at 328p. Foster Brothers Clothing, still benefiting from the excellent mid-term profits expansion, added 5 more at 96p, while Executex Clothes attracted revived speculative interest and firmed 3 to 40p. Among buoyant newsagents, Martin rose 7 to 162 and John Menzies 5 to 293p, but W. H. Smith A encountered sporadic selling and eased a few pence to 126p.

Allied Leather Industries rose 7 to 255p after the interim return to profitability. FII, the subject of favourable comment recently, added 3 more at 107p, but Stylo, having opened higher at 142p, reacted to small selling and finished a net 6 cheaper at 133p.

Micro Business improved 20 to 505p after news that the company is in discussions which could lead to a bid for the privately-owned Alveronic Computer Systems. BSR continued to make progress, gaining 8 to 171p, while Security Centres, the subject of an investment recommendation recently, moved up 22 to 217p. Eurotherm attracted buyers and put on 10 to 235p. *Audio Fidelity fell 4 to 19p on* the bigger loss.

The Engineering sector remained subdued. Among the occasional movements worthy of note, McKechnie closed 2 cheaper at 122p, after touching 128p on the preliminary figures. Interest revived in Tace, 6 to the good at 123p. Chemring encountered scattered offerings and lost 15 to 540p in a limited market. Falls of around 4 were marked against Spirax-Sarco, 160p, and Staveley Industries, 213p.

Leading Foods were a shade easier at first, but picked up to close with modest gains in places. Associated Dairies, down to 166p initially, finished 2 dearer on balance at 170p. Elsewhere, United Biscuits hardened 3 to 137p, but Avana shed 12 to 480p following comment on the mid-term results. Dealers changed the basis price of Stewart and Wight after the annual figures, the shares being marked up to 700p for a net gain of 75.

De Vere Hotels gained 8 to 271p, after 275p, in response to excellent interim results and proposed one-for-five scrip issue.

Stocklake advance

Movements in the Miscellaneous Industrial leaders were usually limited to a few pence either way. Among secondary issues, Stocklake were outstanding, rising 12 to 150p in response to better-than-expected preliminary results. Garford-Lilley Industries were requoted at 73p, compared with the suspension price of 56p, following the agreed bid from Williams Holdings; the latter closed 10 lower at 95p. Revived selling left Johnson Matthey 5 cheaper at 200p, but LDH improved 2½ to 27½p in response to the preliminary figures. Walker and Homer, a rising market of late, reacted 2½ to 17½p despite the interim profits recovery. Royal Worcester, awaiting further developments on the bid from Crystalate, gave up 5 more at 295p. DPCE hardened a few pence to 225p following the results and statement on current trading.

Saatchi and Saatchi, overshadowed of late by the loss of the Dunlop advertising contract, responded to sporadic buying interest and, in a thin market, closed 17 higher at 515p.

Although buying was not on Wednesday's scale, Properties enjoyed another firm session. Land Securities rose 5 for a two-day gain of 13 to 323p, while MEPC added 4 more at 230p. British Land, suggested as a prime bid candidate following the recent spate of takeovers and proposed mergers within the sector, touched 91p before settling a net 3 up at 89p. Of the trio currently in merger discussions, Slough Estates hardened a penny to 107p helped by a broker's recommendation, Allnatt London put on 5 to a fresh peak of 225p and Guildhall Property hardened 2 to 135p. Dealings in North British Properties resumed at 180p, compared with the suspension price of 158p, following the agreed 188p per share agreed bid from Sun Life. Elsewhere, further demand in a thin market lifted Regalian 6 to a 1983 peak of 84p, but profit-taking clipped 4 from Percy Bilton, at 232p.

Business in Textiles was again slow to develop. Many issues remained at their overnight levels, but David Dixon continued to react on the full-year deficit and passed final dividend, dipping to 76p before rallying to close 6 off on balance for a two-day fall of 16 to 82p.

Bats were again wanted and rose 6 more to 152p with sentiment assisted again by favourable comment. Imps added a couple of pence at a 1983 peak of 132p.

Tricentrol fall

Rumours of a North Sea deal to be financed by a large share placing caused late weakness in Tricentrol, which ended 12 down on the day at 194p. Against a background of fears of a world glut in crude oil, other Oil shares gave further ground. Shell fell 12 more to 538p and BP eased 4 to 416p, while Britoil, 206p, and Lasmo, 260p, gave up 8 apiece. Ultramar were 13 lower at 592p. In contrast, a noticeable revival of speculative interest in Irish exploration issues left Atlantic Resources 50 up at 635p and Aran Energy 10 higher at 48p.

Golds slump

Mining markets generally, and South African Golds in particular, suffered another major setback following renewed weakness throughout precious and base-metal markets.

Bullion's persistent refusal to respond to the latest international events led to a fresh and heavier bout of selling pressure in Golds which fell sharply in London after losing substantial ground in overnight American markets.

The market was marked down at the outset and thereafter continued to weaken until the late trade brought about minor bear closing and "cheap" buying from the U.S.

Nevertheless the Gold Mines index sustained a major reversal and dropped a further 31.0 to 478.3—a two-day decline of 48.8 and its lowest level since early December last year. Bullion gave up $4.5 more to $383.625 an ounce.

Top quality issues were notable casualties, especially Randfontein, which dropped almost £5 to a 1983 low of £69½.

South African Financials recorded substantial losses in line with Golds. Gold Fields of South Africa posted a £5¼ fall to a year's low of £60¾ ahead of Monday's share split.

A further sharp fall in copper prices, which fell to their lowest levels since last December on the London Metal Exchange, encouraged persistent and sizeable offerings of the London Financials although three major UK mining issues staged a minor rally. Rio Tinto-Zinc dropped to 560p before closing a net 20 off at 563p while Gold Fields closed 22 down on balance at 463p, after 460p.

Free market platinum prices were depressed and silver and platinum producers attracted persistent selling pressure from most of the international dealing centres. Lydenburg dropped 26 to 489p, Rustenburg 23 to 657p and Impala 18 to 787p.

A depressed Australian sector left the majority of "down-under" Golds with widespread losses—Poseidon dipped 10 to 255p, Central Norseman a like amount to 393p and North Kalgurli 2 to 62p.

Ashton Mining were quoted at 84p ex-rights and the new at 20p premium.

Demand for Traded Options held up well with 3,016 contracts done. ICI attracted 434 calls and 34 puts in the wake of the impressive third-quarter figures, while a substantial business was traded in Tesco calls, notably the June 180s which accounted for 167 trades out of a total of 250. The continuing downward spiral of the bullion price prompted an active business among mining stocks, with consequent sharp gains among put premiums. RTZ recorded 149 calls and 52 puts with the November 600 puts 20 better at 50p. Vaal Reefs November 120 puts closed 5¼ dearer at 827½, while Consolidated Gold Fields January 500 puts advanced 21 to 54p.

FINANCIAL TIMES STOCK INDICES

	Oct. 27	Oct. 26	Oct. 25	Oct. 24	Oct. 21	Oct. 20	year ago
Government Secs.	21.75	21.94	81.60	61.43	81.60	81.36	83.73
Fixed Interest	84.60	26.16	84.82	84.90	84.96	84.56	84.21
Industrial Ord.	694.0	690.0	689.0	685.3	689.2	691.0	594.0
Gold Mines	478.3	609.3	527.1	520.8	618.0	510.0	3ee.9
Ord. Div. Yield	4.89	4.92	4.92	4.94	4.92	4.91	4.85
Earnings, Yld.% (full)	2.69	2.75	2.75	2.21	2.77	e.75	10.75
P/E Ratio (net) (*)	12.28	12.80	12.80	12.73	12.72	16.81	11.1e
Total bargains	16,153	17,901	18,013	17,402	17,083	16,886	10,763
Equity turnover £m.	—	167.56	159.76	121.40	182.33	176.28	157.31
Equity bargains	—	13,521	12,81n	13,883	13,866	16,211	16,942
Shares traded (ml)	—	108.0	†95.0	84.7	110.8	106.0	116.6

10 am 688.4. 11 am 690.2. Noon 692.2. 1 pm 694.0. 2 pm 694.2. 3 pm 694.5.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/1/58. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12.11.

† Corrected.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.60 (15/6)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	85.16 (26/10)	76.03 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (2/5)	598.4 (13/1)	740.4 (22/6/83)	40.4 (26/6/40)
Gold Mines	734.7 (15/2)	476.3 (27/10)	734.7 (15/2/83)	43.6 (26/10/71)

S.E. ACTIVITY

	Oct. 82	Oct. 26
—Daily Gilt Edged Bargains	144.3	141.2
Equities Bargains	87.6	83.0
Equities Value	338.6	322.e
5-day Avrge Gilt-Edged Bargains	143.7	146.8
Equities Bargains	89.8	01.7
Equities Value	327.8	346.0

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (30)

LOANS (1)
Inv. in Ind. 7¼pc A Deb '89/92

AMERICANS (2)
Eaton Corp. Florida Pwr. & Light

CANADIANS (1)
Can. Pacific 4pc Db.

STORES (1)
Church

ELECTRICALS (1)
Pressac

FOODS (2)
Fisher (A.) Nabisco Brands

HOTELS (1)
De Vere Hotels

INDUSTRIALS (2)
Continental Group Williams (J.)

INSURANCE (1)
March & McLennan

NEWSPAPERS (1)
Bristol Evening Post

PAPER (2)
Cropper (James) Promotions House

PROPERTY (5)
Allnatt London Peachey
Ests. Prop. Inv. Regalian
Hammerson A

SHOES (1)
Stylo

TEXTILES (1)
Sirdar

TOBACCOS (1)
Imperial Grp.

TRUSTS (3)
Argo Inv. Akroyd & Smithers
Channel Islands Cap.

OILS (2)
Atlantic Res. Warrior Res.

PLANTATIONS (1)
Lawrie Plant.

NEW LOWS (45)

BUILDINGS (1)
Lafarge-Coppee

ENGINEERING (2)
Camseal Woodhouse & Rixson

INDUSTRIALS (2)
De La Rue Stag Furniture

LEISURE (1)
Horizon Travel

TRUSTS (2)
Precious Metals Tst. Bonusbond

MINES (37)

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+or–	Net Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £	+or–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price p	+or–
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ● Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✠ Unlisted Securities Market.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Oct 10	Oct 21	Jan 12	Jan 23
Oct 24	Nov 4	Jan 26	Feb 6
Nov 7	Nov 18	Feb 8	Feb 20

For rate indications see end of Share Information Service

Money was given for the call of Charter Cons., UKO, Bolton Textile, London and Liverpool, Sound Diffusion, ICI, Samantha, Britoil, W.E. Norton, North Kalgurli, Polly Peck, Fleet Holdings, Dunlop, Kwik-Fit and Tozer Kemsley and Millbourn and Woodside. No puts or doubles were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Res.	635	+50
BAT Industries	152	+ 6
Cable and Wireless	260	− 5
Cons. Gold Fields	463	−22
Eagle Star	535	+15
Gold Fields SA	£60¾	− 5¼
Grand Metropolitan	320	+ 6
ICI	676	+ 8
Land Securities	323	+ 5
London Brick	102	− 1
Marks and Spencer	208	+ 5
RTZ	563	−20

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Wed close	Day's change
ICI	17	568	− 6
BP	13	420	− 8
Eagle Star	12	520	−12
Slough Estates	12	106	− 3
BOC	11	230	− 2
Cable & W'less	11	265	− 8
First Nat. Fin.	11	64	+ 4
GUS "A"	11	560	+15
Lasmo	11	268	− 0
London Brick	11	103	+ 5
RTZ	11	583	+ 3
Shell Transport	11	550	− 8
Tot. H'spr. Nw.	11	95	+ 3½
Beecham	10	302	− 3

RISES AND FALLS

	Rises	Falls	Same
British Funds	—	90	11
Corpns. Dom. and Foreign Bonds	11	14	48
Industrials	238	218	933
Financial and Props.	138	66	315
Oils	16	14	84
Plantations	1	6	13
Mines	87	7	74
Others	45	63	66
Totals	536	477	1,546

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur Oct 27 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed Oct 26 Index No.	Tues Oct 25 Index No.	Mon Oct 24 Index No.	Fri Oct 21 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (203)	[illegible]	+0.3	9.62	4.09	13.39	430.07	428.80	427.51	423.76	427.52
2	Building Materials (24)	[illegible]	−0.2	11.86	4.87	11.39	424.86	420.68	420.76	423.24	376.34
3	Contracting, Construction (29)	[illegible]	+0.9	14.14	5.38	8.86	655.14	654.09	661.81	667.18	681.24
4	Electricals (38)	1572.85	+0.3	8.38	2.99	15.51	1565.00	1551.29	1547.46	1554.60	1745.66
5	Engineering Contractors (10)	[illegible]	−0.1	14.12	6.78	8.98	414.67	415.98	416.75	418.27	472.19
6	Mechanical Engineering (59)	[illegible]	+0.8	12.97	6.05	9.54	194.79	195.58	196.57	197.28	194.08
8	Metals and Metal Forming (9)	152.27	−1.5	12.40	7.70	9.75	154.56	154.96	153.14	154.65	140.59
9	Motors (18)	[illegible]	−0.7	1.56	4.98	—	108.39	107.85	107.66	108.04	77.23
10	Other Industrial Materials (16)	[illegible]	+0.3	6.00	4.52	22.14	516.78	517.34	511.42	514.33	353.41
21	CONSUMER GROUP (198)	[illegible]	+1.0	10.66	4.55	11.49	426.06	422.09	418.22	419.97	374.34
22	Brewers and Distillers (23)	433.95	+1.6	12.91	5.26	9.67	427.23	425.66	421.30	421.46	408.38
25	Food Manufacturing (22)	339.70	+0.1	13.55	5.93	8.61	339.53	339.69	337.16	339.78	318.26
26	Food Retailing (13)	960.33	+0.2	7.61	2.67	16.91	957.97	944.53	939.67	949.46	789.47
27	Health and Household Products (9)	708.24	+0.2	6.43	3.02	18.47	707.30	709.04	704.55	708.50	604.17
29	Leisure (23)	555.29	+0.1	9.12	4.09	14.19	554.65	553.46	551.54	551.79	436.35
32	Newspapers, Publishing (15)	933.15	+0.3	9.18	5.10	13.11	930.40	921.43	917.81	923.31	554.03
33	Packaging and Paper (14)	187.99	−0.5	10.92	5.28	11.29	188.91	188.94	189.00	191.30	142.13
34	Stores (47)	403.35	+1.9	8.04	3.78	16.02	395.80	387.99	379.49	379.28	346.08
35	Textiles (20)	204.43	+0.2	12.81	5.70	9.26	203.95	203.10	202.68	203.76	166.57
36	Tobaccos (3)	451.35	+3.3	22.00	7.05	5.07	437.11	425.03	421.06	426.40	429.15
39	Other Consumer (9)	431.66	−0.2	5.90	4.03	—	432.54	431.90	433.20	437.40	302.01
41	OTHER GROUPS (84)	374.30	+0.2	8.62	4.61	14.60	373.64	375.01	374.06	375.06	265.36
42	Chemicals (15)	550.07	+0.9	8.21	4.60	15.95	545.70	549.60	536.40	538.90	347.50
44	Office Equipment (6)	99.12	+0.7	9.82	5.18	12.02	98.44	98.00	98.33	99.58	96.40
45	Shipping and Transport (14)	718.90	+0.1	7.97	5.64	17.07	717.94	718.49	719.61	726.60	531.17
46	Miscellaneous (49)	479.38	−0.6	9.06	4.33	13.24	482.07	485.31	490.04	492.46	362.77
49	INDUSTRIAL GROUP (485)	426.48	+0.7	10.01	4.42	12.47	423.73	421.40	418.92	420.07	377.20
51	Oils (15)	931.93	−1.8	12.09	6.41	10.04	949.36	964.94	961.73	964.08	754.34
59	500 SHARE INDEX	468.80	+0.2	10.36	4.75	11.98	467.72	467.85	464.50	466.54	408.07
61	FINANCIAL GROUP (124)	322.53	+0.5	—	5.95	—	320.94	320.55	319.08	321.34	264.47
62	Banks (6)	324.73	−0.2	26.44	7.05	4.13	325.54	320.64	325.75	331.94	281.36
63	Discount Houses (8)	301.90	+1.1	—	8.98	—	298.54	298.85	297.39	297.52	313.22
65	Insurance (Life) (9)	441.91	+0.9	—	5.09	—	437.80	439.92	440.10	443.00	330.06
66	Insurance (Composite) (10)	222.70	+0.8	—	6.09	—	220.90	221.00	220.78	220.18	174.47
67	Insurance Brokers (7)	564.40	−0.7	12.05	5.15	11.39	568.29	570.12	566.77	568.54	559.53
68	Merchant Banks (12)	184.32	−0.5	—	5.04	—	185.21	185.00	186.12	186.86	149.26
69	Property (54)	480.69	+1.1	6.04	3.93	22.08	475.34	464.90	463.13	464.58	394.98
70	Other Financial (18)	227.16	+0.4	12.26	5.93	9.82	226.15	224.96	225.42	227.18	179.14
71	Investment Trusts (108)	428.95	+0.4	—	4.16	—	427.10	424.27	425.80	427.39	332.40
81	Mining Finance (4)	265.61	−3.6	10.44	5.90	11.73	275.57	274.66	273.55	273.32	211.75
91	Overseas Traders (14)	464.21	+0.1	8.22	8.17	18.13	463.83	465.18	465.02	459.91	357.96
99	ALL-SHARE INDEX (750)	432.54	+0.2	—	4.97	—	431.60	430.91	428.85	430.93	360.25

FIXED INTEREST

	PRICE INDICES	Thur Oct 27	Day's change %	Wed Oct 26	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	116.90	−0.08	117.00	—	9.67
2	5-15 years	130.47	−0.20	130.73	—	11.74
3	Over 15 years	139.39	−0.37	139.90	—	12.19
4	Irredeemables	148.26	−0.37	148.81	—	13.34
5	All Stocks	128.79	−0.20	129.06	—	11.27
6	Debentures and Loans	105.34	+0.04	105.30	—	9.86
7	Preference	78.19	—	78.19	—	5.97

	AVERAGE GROSS REDEMPTION YIELDS		Thur Oct 27	Wed Oct 26	Year ago (approx)
	British Government				
1	Low Coupons	5 years	9.83	9.79	8.20
2		15 years	10.86	10.83	9.56
3		25 years	9.88	9.85	9.76
4	Medium Coupons	5 years	11.06	11.00	10.45
5		15 years	10.86	10.82	10.58
6		25 years	10.32	10.26	10.23
7	High Coupons	5 years	11.15	11.12	10.39
8		15 years	11.04	10.99	10.81
9		25 years	10.42	10.37	10.35
10	Irredeemables †		9.81	9.77	9.77
11	Debs & Loans	5 years	11.80	11.76	11.41
12		15 years	11.87	11.89	11.96
13		25 years	11.88	11.91	11.65
14	Preference †		12.54	12.54	12.47

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$375	—	—	52	97	—	—	$384
GOLD C	$400	90	38.0	48	16 A	12	87	"
GOLD C	$495	145	1	65	7	30	13	"
GOLD C	$430	—	—	68	5.30	54	7	"
GOLD P	$375	25	4	36	0	18	10	"
GOLD P	$400	205	16 6	6	10.50	1e	21.50	"
GOLD P	$465	22	44	5	40	—	—	"
		Dec.		March		June		
SILV C	$10	45	0.10	17	0.45	57	0.70	$8.76
SILV C	$11	—	—	020	0.12	60	0.40	"
SILV C	$12	—	—	26	0.10	—	—	"
SILV P	$ 8	—	—	6	1.20	1	1.20 B	"
SILV P	$10	—	—	—	—	7	1.50	"
SILV P	$11	15	2.30 A	—	—	3	2.70 A	"
SILV P	$16	6	3.50	—	—	—	—	"
		Jan.		Apr.		July		
ABN C	F.360	166	8.50	10	16	—	—	F.347
ABN C	F.380	72	4.50	0	11 A	—	—	"
ABN C	F.400	60	6.20	1	7	—	—	"
ABN P	F.340	247	5	—	—	—	—	"
ABN P	F.360	136	18	37	18	3	97	"
AKZO C	F.70	146	6.40	76	10.20 B	—	—	F.74.80
AKZO C	F.80	6e	3.30	157	6.10	7	7.20	"
AKZO C	F.80	238	1.10	8	8.70 B	—	—	"
AKZO P	F.70	56	2	150	5.30 A	26	4.80	"
AKZO P	F.80	249	7.70	17	8.60	—	—	"
AMRO C	F.60	126	2.70	07	4.30	82	5.20	F.57.20
AMRO C	F.65	128	1.20	74	2.30	1	3.60	"
GIST C	F.170	—	—	60	5	5	10	F.152
GIST P	F.160	70	4	14	e.60	—	—	"
HEIN C	F.130	110	5.40	26	8.80	6	10	F.164.70
HEIN C	F.140	63	2.30	03	6	—	—	"
HEIN P	F.130	141	6.60	08	10	—	—	"
HOOG C	F.35	45	2	1ee	3	—	—	F.33.70
HOOG C	F.40	84	1.10 A	60	1.60	—	—	"
HOOG P	F.55	71	2.80	18	3.30	—	—	"
KLM C	F.160	0e	9.50	—	—	2	21	F.157
KLM C	F.170	106	8.30	10	10.60 A	—	—	"
KLM C	F.180	78	3.80	—	—	—	—	"
KLM P	F.160	100	0	6	11	6	12.60	"
NEDL C	F.90	115	10	—	—	—	—	F.96.80
NEDL P	F.100	60	3	6	5.10	3	7	"
NATN C	F.170	70	8	—	—	—	—	F.173.70
PHIL C	F.45	296	3.50	67	6.70 B	18	6.50	F.46.40
PHIL C	F.50	484	1.90	260	3.50	35	4.50	"
PHIL C	F.55	664	0.80	308	1.00	—	—	"
PHIL P	F.40	85	0.80	83	1.50	—	—	"
PHIL P	F.45	201	2.50	161	6.20	14	4	"
PHIL P	F.50	294	5.70	5	6	31	7	"
RD C	F.120	533	10	—	—	—	—	F.127.60
RD C	F.150	656	5.80	25	10.30	53	11.50	"
RD C	F.140	216	2.60	148	6	7	7.60	"
RD C	F.150	603	1.20	69	8.20	—	—	"
RD P	F.190	583	1.80	194	3.10	—	—	"
RD P	F.160	263	6.80	272	7.30	64	0	"
RD P	F.140	667	16.90	60	13.50	—	—	"
EOE C	F.145	8	5.50	—	—	—	—	F.141.44
EOE C	F.150	15	6.80	—	—	—	—	"
EOE P	F.140	22	6.60	—	—	—	—	"
EOE P	F.145	1	4.60 B	—	—	—	—	"

TOTAL VOLUME IN CONTRACTS: 16,606

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Brit. Petroleum (*416)						
360	66	—	—	3	—	—
380	42	30	60	8	15	22
420	90	28	38	24	34	38
460	6	16	24	69	66	60
Cons. Goldfields (*467)						
460	45	68	73	25	57	44
500	96	42	62	54	62	67
550	13	93	—	97	102	—
600	7	12	—	145	147	—
650	2	6	—	165	127	—
Courtaulds (*92)						
75	20	—	—	0	—	—
85	11	—	—	6	—	—
90	—	11	14	—	6½	8
98	5½	—	—	10	—	—
100	—	e	8	—	13	15
110	9½	5½	—	60	22	—
Commercial Union (*161)						
140	2e	00	31	4	5	8
160	11	16	18	10	16	18
180	4½	6	9	86	60	32
G.E.C. (*188)						
180	20	68	36	8	11	14
200	10	16	24	80	80	26
200	5	11	—	34	34	—
240	2	6	—	54	54	—
260	1	—	—	—	—	—
Grand Met. (*518)						
300	33	42	62	8	13	16
530	15	25	55	2e	30	33
360	5	11	—	45	30	—
390	0	4	—	75	78	—
I.C.I. (*578)						
420	168	—	—	2	—	—
460	122	—	—	3	—	—
500	88	e0	—	4	8	—
550	46	54	64	14	24	32
600	20	28	37	40	60	60
Land Securities (*323)						
080	47	68	—	3	4	—
500	28	57	44	7	10	12
330	11	10	24	18	25	67
Marks & Spencer (*208)						
180	36	40	—	6	4	—
600	16	26	27	7	11	14
220	7	11	17	18	21	25
Shell Transport (*538)						
460	90	—	—	2	—	—
500	54	—	79	7	—	14
550	80	30	58	28	50	68
600	6	18	02	68	74	72
650	6	7	—	116	122	—

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Barclays Bank (*429)						
420	26	40	47	8	20	96
460	7	10	27	40	45	50
500	2	8	14	75	77	80
550	1	2	5	—	125	127
Imperial Group (*132)						
110	24	26	28	1	1½	6½
120	14	16	18½	1½	3	6
130	6	8	11	4	6	6
LASMO (*260)						
300	7	15	27	47	30	86
330	5	8	16	75	77	78
360	2	5	9	105	106	105
390	1½	5	5	135	155	136
Lonrho (*85)						
90	6	12	14	8	5½	4
100	2½	6½	7½	7	10	11
110	0¾	5	4½	16	17	18
P. & O. (*022)						
180	44	47	—	1	2	—
200	e5	51	30	2	3	4
300	8	10	26	5	8	10
e40	0	10	17	24	27	06
Racal (*202)						
180	26	36	40	4	7	0
000	11	22	24	8	16	1e
230	1½	5	11	30	30	32
250	1	3	6	8	60	—
R.T.Z. (*562)						
500	67	80	—	2	10	—
533	37	60	—	0	90	—
550	05	50	67	17	33	40
585	15	35	—	37	47	—
600	9	25	40	50	60	66
650	1½	12	18½	65	07	100
700	1	6	10	145	147	147
Vaal Reefs (*$94)						
100	3	8	11	10½	15½	18½
110	1½	6	7½	18	21½	25
120	0½	5	4¼	27½	28½	31½
130	0½	1¾	2¾	3e½	57½	38½
140	0½	1	1¾	46½	47	47½

Option	Calls Dec.	Calls Mar.	Calls Jun.	Puts Dec.	Puts Mar.	Puts Jun.
Beecham (*306)						
300	22	52	42	12	16	05
330	10	16	25	30	38	43
55e	3	8	—	62	55	—
Bass (*305)						
500	00	26	36	12	16	e0
330	4	12	1e	34	36	40
De Beers ($*740)						
750	46	65	80	43	53	66
800	20	55	50	70	60	95
830	12	25	36	115	120	130
900	4	12	25	166	170	180
Guest Keen (*160)						
160	—	90	85	—	10	12
175	5	—	—	17	—	—
180	—	11	15	—	20	63
200	6	4	—	40	40	—
Hanson (*208)						
200	16	24	51	5	8	11
280	e	10	16	16	20	23
Tesco (*166)						
160	16	24	08	7	11	13
180	7	12	17	20	06	25

Oct. 27. Total Contracts 3,016. Calls 2,209. Puts 807

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1983 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
[illegible]						

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	17	−½	—	—	—
52	32	Allstate Explo NL	40	+2	—	—	—
40	9	♥Australis Mng. RL	26	−½	—	—	—
25	11	Balmoral Resources	16	......	—	—	—
60	37	♥Black Hill Mins.	38	......	—	—	—
85	51	♥Bond Corp.	66	......	Q10c	◆	9.8
183	116	♥Bougainville 1 Kina	140	−3	aQ3.21	1.2	1.4
172	204	♥CRA 50c	322	+4	tQ3c	—	0.6
145	60	♥Carr Boyd 20c.	65	−3	—	—	—
38	25	♥Central Kalgoorlie	35	......	—	—	—
43	15	♥Central Pacific	24	......	—	—	—
9	2¼	♥Cons Gold Mng Areas	3	......	—	—	—
17	5	♥Coopers Res N.L.	9	−½	—	—	—
255	183	♥Crusader Oil	198	......	—	—	—
10	0	♥Coltus Pac N.L.	15½	......	—	—	—
19	7	♥Eagle Corp 10c.	15	......	—	—	—
215	96	♥Emperor Mines	162	+2	—	—	—
14	0	♥Endeavour 20c.	9¼	......	—	—	—
58	15	♥Enterprise Gld Mines	25½	......	—	—	—
010	500	♥GM Kalgoorlie 25c.	560	+2	bQ10c	◆	1.1
24	6	Grt. Eastern Mines	13	......	—	—	—
17	9	♥Great Victoria Gold	9	−½	—	—	—
32	15½	♥Haoma NW	19	......	—	—	—
92	28	♥Hill Minerals N.L.	34	−2	—	—	—
41	15	♥Intl Mining	17	−1	—	—	—
20	5	♥Ivanhoe Gld. N.L.	9½	−½	—	—	—
100	25	♥Jingellic Minerals	54	......	—	—	—
42	17	♥Kalbara Min 20c	17	−1	—	—	—
20	9	♥Keywest Expl.	19	......	—	—	—
134	54	♥Kitchener NL 25c.	86	−2	—	—	—
180	70	♥Meekatharra 25c.	84	−4	—	—	—
58	24	♥Metals Ex 50c.	44	......	—	—	—
52	23	♥Metramar Mns 20c.	31	......	—	—	—
279	217	♥MIM Hldgs 50c.	237	+2	Q5c	◆	1.4
15	5	♥Mincorp 20c	12½	......	—	—	—
8	3	♥Minefields Expl 25c.	3½	......	—	—	—
46	23	♥Newmetal 20c.	36	......	—	—	—
*207	128	♥North B. Hill 50c	184	−2	Q8c	◆	2.7
90	38	Nth. Kalgurli	61	......	—	—	—
86	58	♥Oakbridge 50c.	62	−2	Q7c	1.7	7.0
57	23	Otter Expln NL	34	......	—	—	—
78	46	♥Pacific Copper	77	......	◆	—	—
150	64	♥Pancont'l 25c.	82	......	—	—	—
9½	4	Pan Pacific Pets NL	7½	......	—	—	—
74	35	Paringa Mng & Expln 5p	60	−2	—	—	—
476	324	♥Peko-Wallsend 50c	376	+6	Q5c	◆	0.8
11	6	♥Pelsart Res NL.	7½	......	—	—	—
298	172	♥Renison 50c	218	......	Q10c	0.1	2.7
270	135	♥Do Defd	205	......	—	—	—
83	20	Samantha Explor 8L	43	−6	—	—	—
52	31	Samson Explor NL	31	......	—	—	—
74	32	♥Seltrust 50c	59	......	—	—	—
58	24	♥Sons of Gwalia R.L.	42	−1	—	—	—
27	11	♥Sthn. Goldfields	17	......	—	—	—
19	7	♥Southern Pacific	12	......	—	—	—
14	6	♥Southern Ventures 25c.	7½	......	◆	—	—
50	17	♥Swan Res 20c	24	......	—	—	—
58	34	♥United Goldfields	34	......	—	—	—
24	5	♥West Coast 25c.	11½	......	—	—	—
38	14	♥Western Cont. 50c	16	......	—	—	—
275	168	Westn. Mining 50c.	215	......	Q2c	7.6	0.6
200	53	♥Whim Creek 20c	144	......	—	—	—
25½	0	♥York Resources.	22	......	—	—	—

Tins

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
245	175	Ayer Hitam $M1	200	......	‡Q95c	1.0	‡
150	83	Geevor	123	......	—	—	—
18	10½	Gold & Base 12½p	11	......	—	—	—
435	290	Gopeng Cons.	390	−10	◆20.0	1.4	7.3
600	525	Hongkong	550	......	21.0	◆	5.5
21	13	Jantar 12½p	16	......	1.5	0.2	13.4
270	100	Kamunting $M0.50	205	......	‡tQ27½c	0.8	3.8
96	56	Malaysia Mng. 10c.	66	−1	‡vQ11c	0.9	‡
57	28	♥Pahang	45	......	—	—	—
900	325	Pengkalen 10p	500	......	1.0	—	8.3
330	225	Petaling $M1	290xd	......	tvQ70c	1.3	6.9
250	185	Sungei Besi $M1.	205	......	‡vQ185c	1.1	‡
55	40	♥Supreme Corp M$1	60	......	vhQ3½c	◆	2.1
120	93	Tanjong 15p	115	......	Q3.5	—	4.5
145	60	♥Tongkah H. Tin $M1	120	......	vQ5c	1.3	1.2
300	190	Tronoh $M1	245	......	vQ90c	1.1	10.4

Miscellaneous

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
170	38	Admiral Mines	39	+1	—	—	—
90	34	♥Anglo-Dominion	70	......	—	—	—
93	54	♥Anglo Utd. Dev.	60	−½	—	—	—
172	60	♥Colby Res Corp.	140	......	—	—	—
530	315	Cons. Murch. 10c.	440	......	‡Q60c	1.9	‡
240	170	Hampton Areas 10p	208	......	3.75	2.1	2.4
215	103	♥Highwood Res.	180	......	—	—	—
£24½	£18	Homestake Mining $1	£18½	−1½	Q20c	—	0.7
495	300	Northgate C$1	320	......	—	—	—
672	437	R.T.Z.	563	−20	t17.0	2.9	4.4
£147½	£108	Do.9½%Cn.Ln.'95-2000	£125	−4	Q9½%	32.5	17.0
190	13	♥Sabina Inds C$1	73	−2	—	—	—
		For Southwest Res see Oil & Gas					
750	312	♥Tara Expln $1	660	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 50 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Principal and interest tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK Listed; dealings permitted under Rule 163(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ◆ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- § No par value.

B Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Issue price. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or other official estimates for 1982-83. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	62	......	Fin. 13% 97/02	£95½	......
Bdg'wtr. Est. 50p	280	......	Alliance Gas	75	......
Craig & Rose £1	£18½	......	Arnott	288	......
Finlay Pkg. 5p	38	......	Carroll (P.J.)	99	......
Higsons Brew.	85	......	Concrete Prods.	75	+1
Holt (Jos) 25p	900	......	Heiton (Hldgs.)	16	......
I.O.M. Stm. £1	130	......	Irish Ropes	34	......
IRISH			Jacob	81	......
Exch. 12% 1985	£98⅝	......	T.M.G.	85	......
Nat 9¾% 84/89	£88⅝	......	Unidare	74	......

For Craig see Shipping
For Pearce (C. H.) see Buildings

OPTIONS

3-month Call Rates

Industrials		House of Fraser	20	Utd. Drapery	22
Allied-Lyons	13	I.C.I.	45	Vickers	12
BOC Grp	20	"Imps"	11	Woolworth Hld.	30
B.S.R.	20	I.C.L.	7		
Babcock	15	Ladbroke	22	**Property**	
Barclays Bank	45	Legal & Gen.	45	Brit. Land	8½
Beecham	32	Lex Service	32	Cap. Counties	14
Blue Circle	45	Lloyds Bank	48	Land Sec.	28
Boots	16	"Lots"	4	MEPC	20
Bowaters	22	London Brick	10	Peachey	16
Brit. Aerospace	19	Lucas Inds.	15	Samuel Props.	11
B.A.T.	14	"Mams"	14	Town & City	4
Brown (J.)	3½	Mrks. & Spncr	20		
Burton Ord.	35	Midland Bank	48	**Oils**	
Cadburys	11	N.E.I.	10	Brit. Petroleum	38
Courtaulds	10	Nat. West. Bank	55	Burmah Oil	17
Debenhams	14	P & O Dfd.	21	Charterhall	9
Distillers	20	Plessey	19	KCA	6
Dunlop	6	Racal Elect.	20	Premier	6
Eagle Star	45	R.H.M.	7	Shell	55
F.N.F.C.	5½	Rank Org. Ord.	20	Tricentrol	22
Gen. Accident	42	Reed Intnl.	32	Ultramar	65
Gen. Electric	10	Sears	8		
Glaxo	75	T.I.	13	**Mines**	
Grand Met.	38	Tesco	17	Charter Cons.	28
G.U.S. 'A'	50	Thorn EMI	55	Cons. Gold	58
Guardian	45	Trusthouse	16	Lonrho	9
G.K.N.	16	Turner & Newall	7	Rio T. Zinc	62
Hawker Sidd	28	Unilever	70		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 29

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £700 per annum for each security

Authorised Units—continued

Equity & Law Un Tst Mngrs (a) (b) (c)
Amersham Rd, High Wycombe. 0494 33377

Euro Tst Acc	82.1	88.7	−0.4	1.43

Robert Fleming & Co Ltd
8 Crosby Square, EC3A 8AN. 01-638 5858

AmPrFd*	£270.67	278.00	....	0.84
JapExFd*	£158.25	183.35		1.16

Next subscription day Nov 1 1983.
*Fleming American Property Unit Trust.
Latest issue price (15 11) US$19.021
Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust.
Latest issue price (29 9) £2.970.
Units are issued on March 25, June 24, Sept 29 & Dec 25.
*Unauthorised

Guardian Royal Ex Unit Mngrs Ltd (a)
Royal Exchange EC3V 3LS. 01-638 7028

Gilt & Fixed	173.4	117.9	−9.2	9.08
Growth Eq	96.4	103.7	+0.2	2.64
Guardhill	175.4	181.7	−0.6	3.49
Nth Amer	94.2	101.3xd	−9.2	1.85
Pacific	2102.5	110.3xd	+0.8	0.39
Prop Shares	98.3	105.8	−1.7	2.19
Smaller Cos	104.2	112.6xd	−9.7	9.88

H.B.L. Unit Trust Mngrs Ltd (a) (c) (g)
Premier NT Admin, 5 Rayleigh Rd, Hutton, Brentwood, Essex. 0277-227300.

SmllrCosTst	50.2	52.8	−0.5	4.47
Nth Amer	46.7	51.3	−0.3	1.54
Japan Far Tst	52.5	55.3xd	+9.8	1.32
ScandinvnTst	40.1	51.7	...	1.45

Hexagon Services Ltd
4 Gt St Helens, London EC4P 3EP. 0708 45322

Auroin Frs	196.9	115.0		0.9y
Brawin Cap	79.1	83.3		9.82
Brewin Inc	72.9	75.8		4.15
Canada Gth	108.3	116.5		9.98

Lawson Fund Managers Ltd (a) (c) (g)
43 Charlotte Sq, Edinbgh 2. 031-225 6901

Charitt Sq Fd	48.8	50.0	...	5.1
Pen 3n Fd	13.0	14.0	...	1.4
Aust & Pac	5.0	8.8	...	9.6
High Yield	19.5	21.9	+9.2	10.4
Do Accum	20.6	22.1	+9.2	10.4

MGM Unit Managers Ltd
MGM House, Heene Road, Worthing. 01-023 0211

High Inc	119.8	128.8xd	−0.7	6.81
(Accum Uts)	125.4	134.8xd	+0.1	0.61
UK Growth	117.9	125.8xd	+9.3	3.28
(Accum Uts)	118.5	127.4xd	+9.3	3.28

MLA Unit Trust Management Ltd
Old Queen St, SW1A 0JG. 01-222 8576

MLA Uts	179.4	188.3	...	2.84
MLA Int	27.7	29.0	....	0.88

The Money Market Trust
03 Qn Victoria St, EC4N 4ST. 01-236 9952

Call Fund	—	—	...	8.82
7 Day Fund	—	—	...	9.97

*Unauthorised—Sterling deposit fund.

Offshore and Overseas—continued

Actibonds Investment Fund SA
37 rue Notre Dame, Luxembourg. Tel 47971

Actibonds In	—	$20.02	...	—

Alliance Capital Management Intl Inc
62-63 Queen St, London EC4. 01-248 8881
Alliance International Dollar Reserves.
Distribution Oct 17-Oct 25 (0 9029941 (0.06%)

Health Care Oct 26	$0.7	+0.93	—
TechnologyOct20	$21.10	−0.12	—
Quasar Oct 20	$48.73	−1.01	—

Bamford Brandt Guernsey Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 26541

Tech& Coms	£9.05	9.39	....	—
IntGrowth	318.22	19.31	....	—

Brown Shipley St Co (Jersey) Ltd
PO Box 583, St Helier, Jersey. 0534 74777

SlgCapital	£16.39	10.49xd	....	—
IntCurrency	£1.10	1.16	....	—
IntBondInt	$10.37	11.17	....	—
Do Accum	$10.37	11.17	....	—

CAL Investments (IoM) Ltd
16 St Georges St Douglas IoM. 0624 20231

CAL C&C*	84.3	88.7	....	—
CAL Metals	94.0	98.9	....	—
CAL Silv**	239.5	247.9	....	—
CAL Gold**	90.1	84.8	−1.5	—
CAL Copper**	—	—		—
CAL Alum**	99.4	95.1	−9.3	—

*Dealing days every Monday.
**Dealings daily.

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton, Bermuda. (809-29) 5-5930

CAL CTR Fd	88.2	71.6	...	—

Dealing days every Monday.

Commodity Advisory Svcs (IoM) Ltd
48 Athol St, Douglas, IoM. 0624-20845

Com&FFAc	84.23	87.74	....	—
Com&FFD	84.23	87.74	....	—

Next dealing date Oct 3.

Citibank (CI) Ltd "Citifunds"

Channel Is Transatlantic Inv Funds Ltd
Green St, St Helier. 0534-70334

U.S. $ Fd	$10.339	+0.002	—
£ Sterling Fd	£5.169	+0.001	—
SwFrancFd	SwFr20.197	+0.001	—
Jap Yen Fd	Y2,040.273	+0.201	—
DeutschmkFd	DM20.273	+0.002	—
Managed Fund	$10.130	+0.004	—

Dunvest Ltd
PO Box 887, Grand Cayman.

NAV	$136.80	....	—

First Gold & Metals Trust PLC
80 St James's St, London SW1. 01-499 4341

First Gold	9.21	...	—

Forbes Securities Management Co
PO Box 887, Grand Cayman, BWI.
London Agents 01-639 3013

Gold Inc	$9.66	10.20	+0.02	—
Gold App	$7.00	6.01	−0.14	—
Dollar Inc	$9.43	9.76	−0.13	—

Framlington Overseas Fund Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 26541

O'seas&Gth	48.6	53.0	...	—
O'seas&Gth$	72.7	78.4	...	—

GRE International Invest Mngt Ltd
PO Box 194, St Helier, Jersey. 0534 27441

ManCurFd	£10.22	...	—

Grindlay Henderson Mngt Ltd
PO Box 414, St Helier, Jersey. 0534 74246

Mgd Fd	£10.4919	10.9745	−0.0109
Mgd Acc	£9.9122	10.4078	−0.0107
Stlg Fd	£10.2794	....	+0.0024
Stlg Acc	£10.2353	....	+0.0028
U.S. $ Fd	$20.3350	....	+0.0051
U.S. $ Inc	$20.4672	....	+0.0052
DMA	DM50.5257	....	+0.0075
SwFr	SwFr50.4542	....	+0.0055
Yen	Y5.073	....	+1

Jardine Fleming & Co Ltd
46th Floor, Connaught Centre, Hong Kong.

Curr Bd	$12.91	13.84	....	9.3
(Accum)	$18.28	19.57	....	—
Asean	$9.99	19.80	....	—
(Accum)	$9.99	19.80	....	—
American	$8.75	9.43	....	—
(Accum)	$8.75	9.43	....	—
Mgd Curr	$19.13	—	−9.01	9.30
(Accum)	$19.13	—	−9.91	9.50

Lazard Brothers & Co (Jersey) Ltd
PO Box 108, St Helier, Jersey, CI. 0534 37361

LazBrFarE	$13.00	14.00	....	1.90
Co&Gd	$140.79	142.12	....	11.92
D'fieldBdBd	$19.33	10.37	....	5.0
N Am Fd	$19.49	11.10	....	5.9

Lloyds Bank International, Geneva
PO Box 430, 1211 Geneva 11 (Switzerland)

L I Dollar	$98.1	191.3	....	9.9
L I Grwth	SF854.3	919.3	....	1.6
L I Inc	SF298.0	309.0	....	8.3
L I Pacific	SF102.2	107.8	....	1.a

Management International Ltd
Bk of B'muda Bldgs, B'muda. 809-295-4000

Bda IBFC	$18.59	18.77	...	—
Bda IBFI	$11.34	11.46xd	...	—

Prices on Oct 21. Next dealing Oct 26.

Bda IEFC	$9.96	10.17	....	—
Bda IEFI	$9.92	10.12	....	—

Manufacturers Hanover Geofunds
PO Box 92, St Peter Port, Guernsey. 0481 23961

LA Inc	$104.58	104.78	+0.18	9.38
LT Acc$	$126.15	128.42	+9.22	9.97
MI7 Int	$112.36	115.93	−0.23	7.61
MI7 Acc$	$127.99	128.64	−0.26	14.43

Geofund International Reserves Ltd.

Sterling	£5.101	+9.004	8.82
U S $	$10.293	+9.097	9.22
D-Mark	DM20.200	+9.098	4.73
Swiss Franc	SwFr20.141	+0.005	3.44
Jap Yen	Y2,024.6	+1.0	5.67
Managed Fund	$10.238	+9.998	11.28

Marine Midland (CI) Ltd
140 B'way NY 10015 USA. 212-449-1000
Queens Hse, Don Rd St Helier. 0534 71460

Intercurrency	$1,043.729	...	—

Next sud day Nov 17.

Samuel Montagu London Agents
114 Old Broad St, EC2. 01-628 3434

ApOct23	SF86.30	93.70	−0.50	1.48
JpSpt15	HK$39.72	42.99	....	0.17
11TGpA31	$16.33	19.94		1.23
JsyFdOct26	£13.47	14.61	+0.13	—
MontFRNF	$10.34	10.66	+0.02	—
U.S FIF	$9.71	10.22		—

Nat Westminster Jersey Fd Mngrs Ltd
23/25 Broad St, St Helier, Jersey
County Bank Currency Fund Ltd (a) 0534 70041

Dollar class	$20.7776	+0.0136	—
Sterling class	£10.3903	+0.0071	—
D-Mark cl	DM50.8301	+0.0270	—
DutchGuilder	DFl50.9093	+0.0087	—
Jap Yen cl	Y5120.0067	+2.4155	—

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Building, Bermuda. 809 29 5400

Amer Tst	$9.82	10.27	—

Perpetual UT Managers (Jersey) Ltd
PO Box 459, St Helier, Jersey. 0534 74517

Offshr Grw	$1.112	1.179	2.00

Rothschild Assd Management (CI)
St Julian's Ct, St Peter Port, Guernsey. 0481 26741

Bel Francs	BFr866.14	+0.32	6.68
Canadian $	C$37.370	+9.003	7.82
D-mark	DM31.24	+0.01	—
Dutch Guilder	DFl50.80	+0.005	4.79
French Franc	FFr166.92	..	11.24
Italian Lire	L37,910	+32	15.25
Jap Yen	Y0,347.02	+0.96	5.41
Singapore $	S$64.72	+9.91	0.14
£ Sterling	£14.589	−0.004	8.42
Swiss Franc	SwFr48.16	+9.003	2.66
U.S. $	$29.89	+9.005	8.73

OC International Reserves Ltd.
Daily dealings.
For other Rothschild Offshore Funds see Offshore and Overseas section.

Schroder Mngt Services (Jersey) Ltd
PO Box 195, St Helier, Jersey. 0534 27561
Schroder Money Funds Ltd

Sterling	£14.2402	...	—
U.S. Dollar	$28.8507	...	—
D-Mark	DM51.5869	...	—
Swiss Franc	SwF51.1795	...	—

J. Henry Schroder Wagg & Co Ltd
120 Cheapside, EC2. 01-382 6000

Naess&ThOct20	$53.94	−0.01	—

Target Trust Mngrs (Jersey) Ltd
PO Box 194, St Helier, Jersey. 0534 27441

Mgd Cur Fd	96.7	101.9	—

Tyndall-Guardian Management Ltd
PO Box 1256, Hamilton, Bermuda.

T-G Am	$22.24		—
T-G Money	$21.60		—
T-G E bond	$15.39		—
T-G Com	$29.91		—
T-G Mort	C$29.98		—
T-G O'seas	$17.55		—
T-G Pacific	Y2,934		—
T-G Wall St	$20.01		—

United Fund Managers Ltd
18-18 Queens Road Central, Hong Kong. 5-231417

S&Mly7	$10.11	10.53	−0.09	—

Insurances—continued

Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar. 0707-42311
Pension Funds

EqPenFdAc	568.8	500.6	−1.3	—
FixedPenAc	412.0	434.3	−1.2	—
GtMonPnAc	247.0	269.0	−9.2	—
Intl Man	246.3	259.3	−9.4	—
Jap Pens Fd	110.4	122.5	+9.7	—
AmPfDdAc	129.8	136.3	−0.0	—
Prop Pn Ac	226.5	238.4	...	—
MolnPnAc	494.2	529.2	−9.5	—

Commercial Union Group
St Helens, 1 Undershaft, EC3. 01-283 7500

VarAnUtsOct22	—	139.39	....	—
VarAnUtsOct28	—	31.68	....	—

Prime Series

Managed	121.0	128.1	+9.3	—
UK Equity	122.4	128.8	+1.1	—
Int Equity	118.9	125.2	+9.1	—
Property	192.7	108.2	+9.2	—
Fixed In	108.4	114.2	−0.5	—
Index Lk Gt	90.1	94.9	−9.4	—
Cash	99.0	104.3	....	—

Hand-in-Hand

Cash	121.0	127.4	+9.1	—
Fixed Int	140.0	147.4	+1.1	—
Property	141.4	148.9	+0.3	—
NatWest	176.0	185.3	+2.6	—

Continental Life Insurance PLC
84 High St Croydon CRO 0XN. 01-680 5225

Equity Acc	147.2	155.0	+9.9	—
Propty Acc	140.3	147.7	+1.7	—
Int Acc	147.9	155.7	−1.0	—
Managd Acc	147.3	155.1	−9.1	—
Spec Sits	109.9	115.7	−1.3	—
PenEqtyAcc	168.5	177.4	−0.1	—
PenPropAcc	159.8	158.6	+1.2	—
PenIntlAcc	139.3	146.7	−2.3	—
Pen Mn Acc	153.1	181.2	−0.7	—

Gilt Deposit, Index Fund prices available on request.

Crown Life
Crown Life House, Woking GU21 1XW. 04862-5933

PensMgAcc	152.1	160.1	....	—
OECoronIFd	171.0	180.0	....	—
BrewinEqFd	229.1	241.0	....	—
StratInvFd	134.3	141.3	....	—
PanMnsAcc	124.8	131.3	....	—
Save Fd	114.4	120.4	....	—
Harrtage Fd	130.5	137.3	....	—
DBS Manord	132.2	139.1	....	—

Friends' Provident Life Office
Pixham End, Dorking. (0306) 885055
Life Funds

Cash Accum	97.1	102.3		—
UK Eqty Ac	100.7	106.1	+9.1	—
Fxd Int Acc	100.1	105.4	−0.3	—
IndxLkdAcc	93.3	98.3	−0.2	—
Mixed Acc	99.4	104.7	−0.1	—
O'seasEqFd	97.7	102.9	....	—
Propty Acc	97.6	102.6	....	—

Pension Funds

Cash Cap	97.3	192.5	....	—
Cash Acc	98.9	104.2	....	—
UK Eq Cap	97.0	103.0	+0.3	—
UK Eq Acc	99.3	104.6	+0.3	—
FixedIntCapt	98.7	104.0	−0.2	—
FixedIntAcc	100.3	103.0	−0.3	—
IndxLkdCpt	91.4	96.3	−0.1	—
IndxLkdAcc	93.0	97.9	−0.1	—
Mixed Captl	97.3	102.7	+0.1	—
Mixed Acc	99.1	104.4	+0.1	—
O'seasEqCap	98.0	103.0	+0.2	—
O'seasEqAc	99.0	104.9	+0.2	—
Propty Captl	94.0	99.8	....	—
Propty Acc	96.3	101.4	....	—

Guardian Royal Exchange
Royal Exchange, EC3. 01-283 7107
GRE Pensions Management Ltd

PensPropInt	129.3	136.2	....	—
PensPropAcc	140.2	147.8	....	—
PensIxLkGtIn	93.6	98.4	+0.3	—
PensIxLkGtAc	94.0	99.5	+0.3	—
PensDepInt	137.3	144.5	....	—
PensDepAcc	149.1	156.9	+0.1	—

Henderson Administration
28 Finsbury Sq, London EC2. 01-036 5757

High Inc	137.2	144.5	+0.2	—
Gilt Edged	96.4	103.8	−0.3	—
Cap Growth	133.5	142.7	+0.6	—
Technology	162.1	170.7	+1.5	—
Nat Res'ces	126.3	135.1	−1.2	—
Spec Sits	187.4	192.0	+1.1	—
N America	218.3	237.9	−0.1	—
Far East	178.3	187.7	+2.4	—
Property	116.6	122.6	+0.1	—
Managed	181.2	190.8	+0.9	—
Prima Rest	117.4	123.6		—
Deposit	117.0	124.1	+0.2	—

Pension Funds

UK Eqty	96.0	102.0	+0.4	—
Fixed In	109.6	115.4	−0.5	—
Spec Sits	115.6	121.7	+0.7	—
N America	199.0	114.8	+9.1	—
Far East	122.1	128.6	+1.9	—
Managed	109.5	115.3	+9.5	—
Comm Prop	100.0	106.3	+9.2	—
Prime Rest	105.7	112.4	+9.1	—
Deposit	100.0	106.3	+0.2	—

Capital unit prices available on request.

London Life Linked Assn Ltd
100 Temple St, Bristol BS1 6EA. 0272-279179

Equity	215.9	221.4	+1.4	—
Fixed Int	165.9	166.7	+2.4	—
Property	160.1	171.0		—
Deposit	142.3	142.3	+0.2	—
Mixed	188.1	192.9	+1.0	—
Index Stk	109.3	109.0	−0.3	—
International	113.0	115.2	−0.9	—

London Life Managed Funds Ltd

Equity(P)	155.0	160.4	−1.3	—
Fixed Int(P)	171.8	172.8	−2.9	—
Proprty (P)	121.2	125.4	+9.1	—
Deposit(P)	122.2	122.2	+0.2	—
Mixed(P)	149.8	153.4	+1.0	—
Index Stk	118.5	110.3	+9.3	—
Int Equity	109.6	111.7		—

Moneywise Friendly Society
80 Holdenhurst Rd, Bournemouth. 0202 295678

MnywiseInt	47.9	51.0	...	—

Municipal Life Assurance Ltd
99 Sandling Rd, Maidstone. 0622 679381

Equity Fd	93.0	99.9	...	—
Managed Fd	93.9	109.0		—

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath. 0444 450721

Nat Res'ces	106.0	112.9	...	—
Property	139.9	147.0		—
UK Equity	133.0	145.9	...	—
Intl Equity	121.9	128.9	...	—
Interests Fd	94.9	99.0		—

Prudential Pensions Ltd
Holborn Bars, EC1 2NH. 01-405 9222
Pru-Link Retirement Plan

Managed Fd	142.0	148.0	...	—
Cash Fd	113.8	118.4	...	—

St George Assurance Co Ltd
The Priory, Hitchin, Herts. 0462 57101

Managed Fd	101.1	106.7	....	—
Universal Fd	98.5	193.8	....	—

Save & Prosper Group
4 Gt St Helens, London EC3P 3EQ. 0708 66966

Gilt Pen Fd	186.3	197.2	+1.2	—
Do Pen Fd	157.4	198.4	+0.3	—
GlobalEqPen	55.1	58.4	+9.3	—

Skandia Life Assurance Co Ltd
Frobisher Hse, Southampton. 0703-334411

Managed	150.7	158.8	+0.1	—
Equity	155.3	163.5	−9.2	—
International	175.8	185.1		—
N America	105.4	110.9	−9.2	—
N European	104.5	110.0	−0.4	—
Pacific	108.1	113.8	+1.1	—
IntRecovery	111.4	117.3	+0.3	—
Gilt Plus	141.2	148.6	+0.4	—
Property	139.0	135.8	+0.1	—
Deposit	131.6	138.7		—
PensManaged	178.6	186.2	+0.3	—
Pens Equity	181.4	190.0	−9.4	—
Pens Intl	213.1	224.3	+0.8	—
Pens N Am	107.4	113.0	−0.2	—
Pens N Euro	107.4	113.1	−0.4	—
Pens Pacific	111.1	116.9	+1.4	—
Pens IntRec	114.1	120.1	+0.5	—
PensGtPls	169.8	178.7	+0.8	—
Pens Propty	157.2	165.5		—
Pens Dep	151.4	160.9	+0.1	—

For prices of Capital Units and Guaranteed Basic Rates please phone 0703 334411.

Target Life Assurance Co Ltd
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0295) 5941

Sterling	—	—	....	6.4
U S Dollar	—	—	....	3.4
Swiss Franc	—	—	....	7.7
Deutsche Mark	—	—	....	2.7
Yen	—	—	....	7.7

TSB Life Ltd
PO Box 3, Keens House, Andover, Hants. SO10 1PG.

Managed Fd	104.0	109.5	−0.1	—
Property Fd	98.0	103.7		—
Fixed Int Fd	100.4	105.8	−0.3	—
Money Fd	98.0	103.3		—
Equity Fd	109.1	114.9	+5.4	—

Windsor Life Assurance Co Ltd
Royal Albert Hse, Sheet St, Windsor 00144.

FutAssGth	77.0	A: 05.0/8:	....	—
FutAssdPen	—	51.28	....	—
Far East Fd	125.0	131.5	....	—

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Abbey Unit Tst. Mngrs. (a)
1-3 St Paul's Churchyard EC4P 4DX. 01-236 1833
High Income

Gilts & Fixed Int.	114.3	121.0xd	−0.3	9.92
High Inc Equity	50.5	54.3xd	....	6.70

Capital Growth

[illegible]

Britannia Co. of Unit Trusts Ltd. (a)(c)(g)
Salisbury House, 31, Finsbury Circus, London EC2
01-638 0478/0479 or 01-588 2777
Britannia Viewpoint 01-673 0048
UK Specialist Funds

Assets	146.2	157.6	−0.8	3.68
Recovery	55.3	59.6xd		4.24
Smaller Cos	84.4	91.2	+0.1	2.09
Spec. Mkt. Sits.	69.7	75.2xd	−0.1	1.70
UK Blue Chip	49.1	52.9	−0.1	3.91

High Income Funds

Nat. High Inc.	98.0	105.7xd	−0.3	7.50

[illegible]

Duncan Lawrie Fnd. Mgrs. (g)
1, Hobart Place, London SW1W 0HU. 01-245 9321

[illegible]

Guardian Royal Ex. Unit Mgrs. Ltd.
Royal Exchange EC3V 3LS. 01-638 2020
Continued above Mon-Fri and Stock Exchange Dealing Page Sat.

[illegible]

INSURANCES

[illegible]

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INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3 01-623 1288

Black Horse Man. Fd	233.44			
Managed Inv. Fd	157.35	165.64	...	—
Property Fd	151.07	159.03	...	—
Fixed Interest Fd.	147.14	154.89	...	—
Cash Fd	135.95	143.11	...	—
Income Fd.	171.07	180.50	...	—
Extra Income Fd	162.17	170.71	...	—
Worldwide Growth Fd	231.62	243.82	...	—
Balanced Fd	172.42	181.50	...	—
Smlr Co's & Recv. Fd	203.25	213.95	...	—
Int. Technology Fd	270.97	285.24	...	—
Nth. Amer. & Gen. Fd.	160.18	179.14	...	—
Energy Int. Fd.	107.69	113.36	...	—
Pacific Basin Fund	132.41	139.38	...	—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	112.0	117.8	...	—
Property	108.2	112.9	...	—
Equity	112.5	118.2	...	—
International	128.5	135.2	...	—
Fixed Interest	101.6	106.9	...	—
Deposit	99.3	104.5	...	—
Managed Pen. Cap.	112.4	118.3	...	—
Property Pens. Cap.	106.2	111.7	...	—
Equity Pens. Cap.	105.8	111.4	...	—
Intnl. Pens. Cap.	137.5	141.6	...	—
Fixed Int. Pens. Cap.	99.2	104.4	...	—
Deposit Pens. Cap.	97.2	102.4	...	—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Sept 29	94.5		...	—
Retmt. Fed. Aug 6	255.4		...	—
Managed Pen Fund	177.0	186.3	...	—
Property Pen Fund	114.0	120.0	...	—
Index Lnkd Pen Fund	111.6	117.4	...	—
Managed	118.9	125.2	-0.4	—
Property	104.0	109.5	...	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Plan Bond Fund	123.0	129.5	+0.5	—
GT Pln High Yld Fnd	113.5	119.5	...	—
GT Plan Far East Fnd	110.5	116.4	...	—
GT Plan N. Am Fd.	133.7	140.8	...	—
GT Pln UK&G.E. Fnd	126.7	133.4	...	—
GT Pln Wrldwde Fnd.	130.0	137.3	...	—
GT Pension Bnd Fnd.	132.4	139.4	+0.5	—
GT Pen High Yld Fd	128.5	135.3	...	—
GT Pen Far East Fd.	133.7	140.8	...	—
GT Pen N. Am. Fd.	192.4	202.6	...	—
GT Pen UK & G.E. Fd	146.5	154.3	...	—
GT Pen Worldwide Fd.	138.5	145.8	...	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond.	166.9	175.7	...	—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.	247.0		-2.3	—
Portfolio Fd. Init.		204.2	...	—
Portfolio Fd. Cap.		235.2	...	—
Investment A/cs	246.9	260.0	...	—

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd	266.9	281.2	-0.1	—
Money Fd	155.3	163.5	+0.1	—
Equity Fd.	224.4	236.5	-0.4	—
Fixed Int. Fd.	117.1	123.4	+1.2	—
Property Fd	172.1	181.3	+0.7	—
Managed Pen. Fd.	244.2	257.3	...	—
Equity Pension Fd	176.8	186.3	...	—
Fixed Int. Pen. Fd	162.9	171.7	...	—
High Yield Pen. Fd.	161.0	169.6	...	—
Money Pension Fd.	127.9	134.7	...	—
Property Pension Fd.	127.3	134.1	+0.4	—

OFFSHORE AND OVERSEAS

NOTES

COMMODITIES AND AGRICULTURE

Avonmouth zinc smelter saved

BY JOHN EDWARDS, COMMODITIES EDITOR

THE THREAT to close Britain's only zinc smelter at Avonmouth, near Bristol, was lifted yesterday. A. M. & S. (Europe), part of the Rio Tinto Zinc group, which owns the smelter, told employees that the survival plan launched in July to save the company had succeeded.

Productivity had improved, in spite of a reduction in the workforce from 700 to 300, and the smelter was now on a sound profitable basis working at close to full capacity.

The Avonmouth smelter had been a prime candidate for closure after many years of sustaining heavy losses including a loss of nearly £10m. last year.

The smelter has been plagued with problems ever since it opened in 1968. As a result it was the favourite choice for closure under a plan, approved by the EEC Commission, to rationalise the European zinc industry by paying compensation to any smelters volunteering to shut.

The deadline for nominating voluntary closures was set for the end of this month. But with the French and Belgian governments refusing to contemplate closure of any plants in their countries the whole scheme is likely to be dropped now that Avonmouth's last ditch efforts to put the smelter on a sound footing have succeeded.

A change in the type of zinc and lead ore concentrates, which the smelter turns into metal, has helped to cut costs and the company now feels the smelter has a viable future. It had achieved during the past six months the best performance since the smelter was opened in 1968.

The company said the recent surge in zinc prices had nothing to do with the decision not to close, the main consideration was reducing costs and increasing output. But the rise in the European zinc this year from $810 to $925 a tonne will obviously help.

December aluminium trading for Comex

By Nancy Dunne in Washington

ALUMINIUM futures trading is expected to begin on New York's Comex exchange in the week of December 5.

The Commodity Futures Trading Commission, which had been expected to approve the contract in November, has delayed action for a more thorough than usual review, officials said. But no problems have been found with the contract, and the go-ahead is now forecast for December 1.

● THE TRADITIONAL Cox has been ousted as Britain's most popular apple. The Spartan, a Canadian apple, was named "most eatable apple" at the Marden fruit show in Kent.

● ISRAELI scientists are using genetic engineering techniques to fight the tristeza virus which attacks citrus trees.

● THE SOVIET Union will honour the long term grain agreement and buy the full amount of U.S. grain despite increased tensions over the invasion of Grenada, said U.S. Agriculture Secretary John Block.

● ROOTWILT disease and drought have affected more than 25m of the 130m coconut trees in the Indian state of Kerala, where production has been reduced to one sixth of last year's output.

● THE PROGRAMME to eradicate Aujeszky's disease (pig herpes) has been "substantially completed," says the Ministry of Agriculture; 353,000 infected pigs have been slaughtered, and compensation payments have reached almost £21m.

● WORLD COTTON stocks will be reduced to the equivalent of a "manageable four months of consumption which should ensure price stability in 1983-84, says the International Cotton Advisory Committee.

Lack of unanimity may impede tenancy reform Bill

THE TENANT farmer is a declining breed. There were 380,000 in 1910 and half that number by 1950. The figure had halved again by 1975. There are now about 60,000 and they are still declining. Meanwhile an increasing number of young people want to become farmers, putting immense pressure and scarcity value on the few farms being let. This is reflected in the rents bid for farms put up for tender.

The decline has no single cause. One reason is the reduction of the number of farms from 400,000 in the 1930's to fewer than 200,000 today. The spread of owner occupation, death duties and the interwar slump caused the break-up of many estates.

Since 1947 the existence of lifetime security for tenants and since 1976 for three generations has discouraged landlords. Equally, the disadvantage of rental income being classed as unearned coupled with farming prosperity has encouraged many more landlords to farm their own farms.

Tenant farmers, although secure, are unhappy about the formula which can be used to fix rents if the question goes to arbitration failing an agreement with their landlords. The arbitrators are guided by the 1958 Agriculture Act which instructed them to take account of the rents tendered for comparable farms. As these reflect the scarcity of farms to let, tenants claim they are unrealistic.

FARMER'S VIEWPOINT: By John Cherrington

Landlords, represented by the Country Landowners' Association (CLA) have been trying to get tenancies limited to one generation, and have hinted that this would open the way to them putting more farms on the market.

Now, after several years of negotiation, the NFU and CLA have come up with a package which the Government will introduce in the Lords shortly as a Bill. This seems to contain two main ingredients.

New tenancies will be lifetime only, but existing tenancies will be for two successors. The rent fixing formula, while allowing for comparisons with other tenancies of a similar sort, specifically excludes the scarcity element. It takes into account the capacity of the tenant who should be a "competent but not brilliant" farmer.

Neither the CLA nor the NFU appear to have consulted their grass roots members—or if they have their representations have not been heeded. The institutions — colleges, charities and public bodies — and the land agents looking after their interests, are up in arms about the rent fixing formula. They claim it will destroy the market, leading to a fall in the value of let land relative to that with vacant possession and will even discourage further lettings.

There is truth in all these assertions. Let land is already not far off half the price of land sold with vacant possession.

Many tenant farmers are unhappy at any tampering with their security, although existing tenants are protected. One argument is that it could lead to invidious distinctions between farming families who were safe for the foreseeable future, and those who could be pushed out as soon as there was a death.

To try to resolve these questions the two bodies are calling for consultations with all interests to see if an agreed measure can be hammered out. Mr Peter Walker, the former Agriculture Minister, wisely foresaw these problems and refused to legislate unless there was unanimous approval. His successor, Mr Michael Jopling, could well wish he had taken the same view.

On the face of it, the new Act will create few, if any, more tenancies. The one measure that would—a change in the fiscal situation of Agricultural landlords by putting them on a par with owner-occupiers — is a matter for the Chancellor, not the Agriculture Minister.

Another consideration is that EEC membership has provided farmers with open-ended guarantees for their main commodities at prices, which while they might not have reflected the full extent of inflation, have more than covered costs with a generous margin.

It now looks as if this is ending. The limitation of prices under the commission's reform package could seriously undermine profits—and farmers' willingness to pay increasing rents.

It could also remove the incentive for landlords to farm themselves or in partnership, a method of avoiding the restrictions of conventional tenancies. This could lead to a fall in the value of both let and vacant land and could provide opportunities for the young entrant.

Silver prices tumble again

BY JOHN EDWARDS

SILVER PRICES tumbled again yesterday, dropping to the lowest levels since November last year. The London bullion spot price was cut by 57.4p to 575.80p a troy ounce at the morning fixing, but the market rallied in the afternoon to close at 585p.

Heavy selling was triggered off in the New York silver market by reports that Peru and Mexico may be forced to step up sales of silver to help pay their debts and protect their currency reserves.

There is also disappointment that the recovery in the U.S. has failed to boost silver consumption as much as anticipated. Instead, stocks in the New York warehouses have built up to record levels.

The fall in silver helped further unsettle gold and base metals, although they also rallied in afternoon trading and had less severe losses.

Three-months higher grade copper fell to £932 at one stage yesterday morning on the London Metal Exchange before recovering to close at £941.25 a tonne, £3.5 lower.

● Asarco said it cut the base spot sales price of refined lead by 1 cent per pound to 25 cents. U.S. producers raised domestic lead prices earlier this month to reflect improved demand.

World wheat estimate cut

BY JOHN EDWARDS

THE INTERNATIONAL Wheat Council yesterday cut its estimates of this year's world wheat crop by 3m to 483m tonnes—the same as the 1982 record figure.

The council's latest market report cut the projected wheat crop in the Soviet Union by 5m to 80m tonnes, but said the decline was partially offset by higher estimates for Argentina, Australia and the EEC.

The council, however, raised its forecast of Soviet coarse grains production by 5m to 105m tonnes and lifted its world coarse grains output figure to 689m tonnes, still 96m tonnes down on the record 1982 outturn of 785m tonnes.

U.S. output of coarse grains is put at 140m tonnes, 3.3m tonnes down on the previous estimate and 116m tonnes lower than last season.

World carryover stocks of coarse grain at the end of 1983-1984 are expected to fall to 81m tonnes, against 81m previously, but wheat stocks are forecast to rise by 2m to 118m tonnes.

Imports by the Soviet Union are predicted to drop by only 4.5m to 29m tonnes in spite of the total grain crop rising by 15m to 195m tonnes.

Chinese imports of grains are expected to fall marginally too, from 15.6m to 13.5m in 1983-84, following a rise in domestic production to a record 355m tonnes, 2m up on 1982.

Reduced sugar output expected

WASHINGTON—The U.S. Agriculture Department (USDA) has initially estimated world sugar production in 1983-84 at 94.7 tonnes (raw value), 6 per cent below the revised 1982-83 output of 101.0m tonnes.

In its round-up of world production and trade developments, the department said world production from cane is expected to account for 60.4m tonnes and sugar from beets for 34.3m tonnes.

It said low world sugar prices has resulted in a reduction in beet and sugarcane area. Poor growing conditions in several countries further reduced yields and sugarcane and beets.

U.S. to attend cocoa talks

THE U.S. will take part in a first round of preparatory talks in London next week on a new international cocoa agreement, U.S. Embassy commodity office representative, Mr Anthony Wallace said in London yesterday.

Further preparatory talks are expected to precede the International Cocoa Organisation council meeting in March which will decide whether enough progress on drafting a new pact has been made for negotiations to be held in Geneva in May.

The present agreement is due to expire next September.

The Ivory Coast, the world's largest producer, is also a non-member but has already said it will participate in preparatory talks.

Our Commodities Staff writes: There is thought to be little hope that the U.S. will agree to join an International Cocoa Agreement, especially if it incorporates possible restrictions on exports.

Meanwhile, the London futures market remained in an uncertain mood yesterday, puzzling over the varied estimates of the forthcoming Ivory Coast crop. Dean Witter Reynolds predicted the main crop would be between 395,000 to 410,000 tonnes.

The general consensus appears to be about 400,000 tonnes although some traders have predicted a crop as low as 350,000 tonnes—in line with Ivory Coast Government estimates—while others say output will be closer to 450,000 tonnes.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 27 1983	+ or −	Month ago
Metals			
Aluminium	£1050	......	£1050
Free Mkt	$1550/1580	......	$1600/10
Copper			
Cash h grade	£915	−5	£957.5
3 mths	£941.25	−3	£1024.25
Cash Cathode	£899.5	−4.5	£974.5
3 mths	£923	−5	£999.5
Gold troy oz	$383.625	−4.5	$409.625
Lead Cash	£280.25	+4.25	£277.75
3 mths	£280.125	+5	£287.75
Nickel	£4646.34	......	£4646.34
Free mkt	215/235c	......	215/235c
Palladium oz	$158.75	−1.25	$147.75
Platinum oz	£264.35	−0.75	£277.66
Quicksilver†	$320/330	......	$305/315
Silver troy oz	575.80	−57.4	781.30p
3 mths	586.00	−59.25	799.00p
Tin cash	£8575	+1	£8483.5
3 mths	£8653.5	+6	£8582.5
Tungsten	$85.79	......	$78.17
Wolfr'm 22.04 lb	$78/82	......	$79/85
Zinc Cash	£590.75	+1.25	£548
3 mths	£604.75	+2	£564.75
Producers	$825	......	$880

	Oct. 27 1983	+ or −	Month ago
Oils			
Coconut (Phil)	$890.0y	−5	$940
Groundnut	‡	......	‡
Linseed Crude	‡	......	£528
Palm Malayan	$660v	−15	$686
Seeds			
Copra Phil	$575y	−5	$650
Soyabean (U.S.)	$328w	−8.75	$345
Grains			
Barley Fut. Jan	£120.10	+0.45	£121.20
Maize	£146.00	......	£146.00
Wheat Fut. Jan	£124.40	+0.65	£124.10
No2 Hard Wint	‡	......	‡
Other commodities			
Cocoa ship't*	£1467.5	−7	£1570
Fut. March	£1415.5	−8.0	£1496
Coffee Ft. Jan	£1848.5	−48.5	£1800.5
Cotton A. Index	88.75c	+0.15	87.00c
Gas Oil. Nov	$252.25	+0.50	$251.25
Rubber (kilo)	77.50p	−0.5	75.50p
Sugar (Raw)	£145	−0.5	£162
Wool't'ps 64s	401p kilo	+1	400p kilo

‡ Unquoted. w Nov. u Dec. v Jan. x Oct-Nov. y Nov-Dec. † Per 76 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.60-28.70	—
Iranian Light	27.95-28.05	—
Arabian Heavy	26.60-26.70	—
North Sea (Forties)	28.50-28.56	−0.05
North Sea (Brent)	28.85-29.75	−0.15
African Bonny Li'ht	28.80-28.96	−0.05

PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	290-297	+0.5
Gas oil	250-257	−1.0
Heavy fuel oil	170-175	+5.5

GAS OIL FUTURES

The market opened slightly lower due to a weak close in New York. It remained at these levels until a stronger physical market precipitated some buying, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Oct	245.50	+1.00	248.75-48.75
Nov	252.25	+0.50	253.00-51.00
Dec	255.50	+0.50	254.00-52.00
Jan	253.50	+0.25	254.00-52.25
Feb			
Mar	240.25	−0.50	248.25-45.50
April	248.55	−1.50	246.00-42.50
May	—	—	—
June	—	—	—

Turnover: 1,191 (1,939) lots of 100 tonnes.

GOLD MARKETS

Gold remained weak on the London bullion market, falling $4½ to $383¾-384. It opened at $385¾-386, and was fixed at $384½ in the morning and afternoon. Gold touched a high point of $386-386½, and a low of $381¾-382.

In Paris the 12½ kilo gold bar was fixed at FFr 99,000 per kilo ($385.45 per ounce) in the afternoon, compared with FFr 99,000 per kilo ($385.35 per ounce) in the morning, and FFr 101,500 ($396.10) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 32,440 per kilo ($384.98 per ounce), against DM 33,280 ($396.49), and closed at $384½-385 compared with $390½-391½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $385 per ounce, against $397.

In Zurich gold finished at $383-386 compared with $392-395.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	$ per troy ounce		
Nov	384.00-86.00	−8.50	—
Dec	386.30-86.50	−8.50	389.10-85.00
Feb	389.40-92.70	−9.65	392.00-91.80
April	399.00-400.0	−9.15	—
June	405.00-06.50	−9.40	—
Aug	411.00-13.00	−10.00	—

Turnover: 1,209 (564) lots of 100 troy ounces.

	Oct. 27		Oct. 20	
Gold Bullion (fine ounce)				
Close	$383¾-384	(£256½-257)	$387¾-388¼	(£258-255½)
Opening	$385¾-386	(£257½-258)	$396½-397¼	(£264¾-265¼)
Morning fixing	$384.50	(£256.847)	$396.25	(£263.676)
Afternoon fixing	$384.50	(£257.285)	$555.50	(£259.285)

Gold Coins Oct. 27					
Krugrnd	$396-396½	(£265¼-265½)	King Sov	$91½-94	(£62-63)
½ Krg	$204½-205	(£158¾-157¼)	Victoria Sov	$92½-94	(£62-63)
¼ Krg	$104¼-105	(£55½-70¼)	French 20s	$75¼-78¼	(£51-52¼)
1/10 Krug	$42½-43	(£28½-28¾)	50 pesos Mex	$463-465	(£510-311¼)
Mapleleaf	$395¾-396¼	(£265-266¼)	100 Cor. Aust	$570-580	(£251¾-254¼)
New Sov	$90½-91	(£60½-61)	$20 Eagles	$560-570	(£375-381½)
½ New Sov	$54¼-55	(£36¼-30¾)			

EUROPEAN MARKETS

ROTTERDAM, October 27.

Wheat—(US$ per tonne): U.S. Two Red Winter Nov 158, Dec 160.50, Jan 162.25, Feb 164.25. U.S. Northern Spring 14 per cent protein Nov 187, Dec 190, Jan 193, Feb 193. U.S. Three Amber Durum Nov 200, Nov 20/Dec 20 201, Dec 202, April/May 206. Canadian Western Spring Spot 205.50, Oct/Nov 206.50.

Maize—(US$ per tonne): U.S. Three Yellow afloat 163, Oct 160, Nov 159, Dec 158, Jan/March 159, April/June 159 sellers. Argentine Plate afloat 170, Oct 169, mid-Oct/mid-Nov 169, Nov 173 sellers.

Soyabeans—(US$ per tonne): Two Yellow Gulfports Oct 322, Nov 322, Dec 323.50, Jan 327.50, Feb 330.75, March 334.50, April 335.75, May 336.50, Nov 264, Dec 267.75, Jan 271.50 sellers.

Argentine Afloat 316 sellers.

Soyameal—(US$ per tonne): 45 per cent Afloat 256, Oct 258, Nov 258, Dec 263, Jan/March 271, April/Sept 266.50 sellers, after Nov 258, Dec 262.50-263, Dec/March 268/269, Jan/March 270-271-271.50, April/Sept 266-266.50 traded. Pellets Brazil Afloat 284, Oct 285, Nov 289, April/Sept 275 sellers, after April/Sept 270 traded. Pellets Argentine Afloat 267, Oct 263, Nov 272, Dec 277, Jan 280 sellers.

PARIS, Oct 27

Cocoa—(FFr per 100 kg): Dec 1666-1670.50; March 1691-1695; May 1711-1745; July 1735 bid; Sept 1765 bid; Dec 1820 bid; March 1830 bid. Sales at call: 1.

Sugar—(FFr per tonne): Dec 2910-2920; March 2026-2034; May 2108-2116; Aug 2210-2225; Oct 2290-2310; Dec

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL PRICES were mixed on the London Metal Exchange. Copper fell sharply at the outset, touching £932, three months, owing to heavy selling against options and general disillusioned selling, but rallied to close the afternoon kerb at £943. Zinc continued to respond to persistent demand and touched £606 prior to ending the day at £602.5, while Lead was finally £289.5. Currency considerations lifted Aluminium to £1,055.5 and Nickel to £3,204.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	914-.5	−16	918.5-8.5	−3
3 months	930.5-7	−16.5	941-.5	−3.5
Settlem't	914.5	−15	......	......
Cathodes				
Cash	894-6	−15.2	899-900	−4.5
3 months	916.5-7	−18.75	922-4	−5
Settlem't	896	−15	......	......
U.S. prod	—	......	*68.75	......

Amalgamated Metal Trading reported that in the morning three months Higher Grade traded at £933.00, 34.00, 34.50, 35.00, 36.00, 35.50, 36.00, 36.50, 37.00, 36.50. Cathodes: Cash £894.00, three months £917.00. Kerb: Higher Grade: Three months £938.00, 39.00, 38.50, 38.00, 37.50. Afternoon—Higher Grade: Three months £941.00, 41.50, 41.00. Kerb—Higher Grade: Three months £941.00, 41.50, 42.00, 43.00, 42.50, 42.00, 41.50, 42.00, 43.00. Turnover: 31,250 tonnes.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	8730-40	−12.5	8742-5	+1
3 months	8790-8	+5.5	8795-800	+6.5
Settlem't	8740	−10	......	......
Standard				
Cash	8570-2	−6.5	8570-80	−1
3 months	8655-5	+2	8657-5	+6
Settlem't	8572	−8	......	......
Straits E.	$850.10	+0.05	......	......
New York				

Tin—Morning: Standard: Cash £8,572, 70, three months £8,655, 60, 50. High Grade: Cash £8,740, three months £8,730, 28. Kerb: Standard: Three months £8,665. Afternoon: Standard: Three months £8,655, 51, 63. High Grade: Cash £8,745, three months £8,720, 21, 20, 21. Kerb: Standard: Three months £8,655. High Grade: Three months £8,720.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	280.75-1	+2.7	280-.5	+4.2
3 months	289.25-5	−2.2	285-.26	−3.5
Settlem't	280-2.5	+8	......	......
U.S. Spot	—	......	*90.0	......

Lead—Morning: Cash £280.75, three months £288.00, 88.50, 89.00, 89.50, 90.00; 89.50, 88.25. Kerb: Three months £290.00, 89.50. Afternoon: Three months £290.00, 90.50, 90.25. Kerb: Three months £290.00, 90.50, 81.00, 9.50, 50.00. Turnover: 10,525 tonnes.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	590-.25	+2.12	590.5-1	+1.25
3 months	603-.5	+.25	604.5-5	+8
Settlem't	090.25	+1.75	......	......
Prim w'tsl	—	......	*46-.75	......

Zinc—Morning: Cash £590.50, three months £600.00, 01.00, 02.00, 02.50, 03.00, 03.50, 03.25, 03.00. Kerb: Three months £602.00, 03.00, 04.0. Afternoon: Three months £605.00, 05.50, 06.00, 04.50, 05.00. Kerb: Three months £605.00, 04.00, 03.50. Turnover: 9,700 tonnes.

ALUMINIUM

Aluminium	a.m. Official	+ or −	p.m. Unofficial	+ or −†
Spot	1020-1	+2.25	1028.5-9.0	+8.0
6 months	1046-.5	−1	1055-6	+8.75

Aluminium—Morning: Three months £1,039.00, 40.00, 41.00, 42.00, 43.00, 43.50, 43.00, 42.50, 42.00, 44.00, 45.00, 45.50, 46.00. Kerb: Three months £1,048.00, 47.00, 48.00, 49.00, 50.00, 51.00, 50.00. Afternoon: Three months £1,53.00, 53.50, 54.00, 55.00, 56.00, 55.50, 55.00. Kerb: Three months £1,056.00, 57.00, 58.00, 57.00, 56.00, 55.00, 56.00, 55.50, 56.00. Turnover: 25,075 tonnes.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
Spot	6180-30	+8	3120-5	+8
3 months	6200-3	−8.5	6195-200	+4

* Cents per pound. ‡ MS per kilo. † On the previous unofficial close.

Nickel—Morning: Cash three months £3,170, 75, 80, 75, 85, 90, 95, 97, 3200. Kerb: Three months £3,197. Afternoon: Three months £3,195, 90, 95, 3,200, 3,197, 3,200. Kerb: Three months £3,200, 05. Turnover: 1,116 tonnes.

SILVER

Silver was fixed 57.4p an ounce lower for spot delivery on the London bullion market at 575.80p. U.S. cent equivalents of the fixing levels were: spot $8.588, down 89.4c; three month $8.779, down 92.4c; six-month $8.982, down 94.5c; and 12-month $9.406, down 93.7c. The metal opened at 592-594p ($8.86-8.90), and closed at 584-586p ($8.72-8.76).

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	575.80p	−57.4	583.0p	−34
3 months	588.00p	−59.2	596.5p	−34
6 months	600.95p	−58.6	—	......
12 months	627.95p	−63.9	—	......

LME—Turnover 110 (117) lots of 10,000 ozs. Morning: Three months 588.0, 88.5, 89.0, 95.0, 96.5, 96.0, 96.5, 97.5, 97.0, 97.5. Kerb: Three months 597.5, 98, 99, 98.5. Afternoon: Three months 596.00, 96.00, 97.00. Kerb: Three months 596.0, 97.5, 98.0, 99.00.

COCOA

Once again in a day of muted activity and no apparent direction with futures trading over a £10.00 range and closing a few pounds down on the day. The lack of interest was reflected in physicals and very little business was noted, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Dec	1419-15	−7.0	1418-08
March	1415-16	−8.0	1425-10
May	1428-29	−7.0	1430-24
July	1443-45	−5.5	1445-38
Sept	1454-57	−5.0	1460-50
Dec	1472-75	−7.5	1471
March	1480-95	−14.0	—

Sales: 1,837 (2,443) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound). Daily price for Oct 27: 92.49 (93.41); five-day average for Oct 28: 93.47 (93.77).

COFFEE

Despite a marginally better opening prices remained under commission house and trade pressure reports Drexel Burnham Lambert. A sharp decline during an active afternoon followed a breakthrough below previous support levels. Long liquidation and stop-loss selling triggered further losses and by the close nearby were £43-£55 lower.

COFFEE	Yest'day's Close	+ or −	Business Done
Nov	1840-41	−53.5	1892-41
January	1848-49	−43.0	1895-45
March	1811-18	−24.0	1887-05
May	1775-77	−14.0	1790-71
July	1740-43	−20.0	1760-44
Sept	1713-15	−11.5	1730-13
Nov	1692-98	−6.0	1706-55

Sales: 6,758 (4,897) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for Oct 26: Comp. daily 1979 136.86 (137.18); 15-day average 136.27 (136.05).

GRAINS

Business done—Wheat: Nov 121.05-20.20, Jan 124.40-23.65, March 127.35-26.55, May 130.30-29.90, July 132.80-32.65, Sept untraded. Sales: 247 lots of 100 tonnes. Barley: Nov 116.60-16.10, Jan 120.15-19.65, March 123.05-22.55, May 125.05-24.55, Sept untraded. Sales: 254 lots of 100 tonnes.

WHEAT			BARLEY	
Mnth.	Yestrday's close	+ or −	Yest'day's close	+ or −
Nov	121.05	+0.90	116.60	+0.70
Jan	124.40	+0.65	120.10	+0.45
Mar	127.35	+0.50	123.00	+0.45
May	130.25	+0.55	125.00	+0.45
July	152.90	+5.60	—	......
Sept	117.75	+0.35	115.75	+0.35

HGCA — Locational ex-farm spot prices. Feed wheat: S. East 118.10, W. Mids 118.80, N. West 120.30. Feed Barley: S. West 116.60, N. West 117.60. The UK monetary coefficient for the week beginning Monday October 31 is expected to remain unchanged.

LONDON GRAINS — Wheat: U.S. Dark Northern Spring No 1 14 per cent Nov 138.25, Dec 138.75, Jan 140.25 East Coast. English feed fob Dec/March 128 paid East Coast, Nov 125.50 seller East Coast. Maize: French first half Nov 146, second half Nov 146.50 transhipment East Coast. Barley: English feed fob Oct 120, Nov 121 East Coast. Rest unquoted.

POTATOES

The market was very quiet, held steady by firmer Dutch prices due to export interests.

Month	Yest'day's close	Previous close	Business Done
	£ per tonne		
Nov	156.95	150.50	157.00-56.0
Feb	283.50	182.00	183.00-85.0
April	214.20	211.60	216.00-11.0
May	218.80	215.90	219.20-16.0
Nov	81.55	82.00	—

Sales: 396 (628) lots of 40 tonnes.

RUBBER

The physical market opened slightly easier, attracted little interest throughout the day and closed idle, reported Lewis and Peat. The Kuala Lumpur October fob price for RSS No 1 was 256.00 (257.00) cents a kg and for SMR20 211.50 (212.00).

No. 1 R.S.S.	Yest'day's close	Previous close	Business Done
	£ per tonne		
Dec	770-779	788-790	—
Jan	775-779	780-790	—
Jan-Mch	780-781	785-787	—
Apl-Jne	797-798	804-805	799-796
Jly-Sept	812-815	818-810	—
Oct-Dec	827-828	834-835	—
Jan-Mch	840-845	848-850	—
Apl-Jne	857-260	864-868	—
Jly-Sept	870-778	876-883	—

Sales: 20 (27) lots of 15 tonnes, nil (6) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 77.50p (78.00p); Dec 79.00p (79.25p); Jan 79.50p (79.75p).

SOYABEAN MEAL

The market opened £3.00 down on stop-less selling reports T. G. Roddick. Prices steadied on commercial buying in active trade closing with losses of £1.50.

	Yesterday's close	+ or −	Business Done
	£ per tonne		
Dec	175.80-78.80	−1.85	180.50-77.00
Feb	185.60-85.30	−1.10	186.50-83.50
April	185.50-86.00	−1.50	—
June	184.50-85.00	−5.75	184.50
August	164.80-85.20	−0.75	—
October	174.50-77.00	−1.00	—
Dec	172.00-75.00	−5.00	—

Sales: 154 (79) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw Sugar £145.00 (£145.50) a tonne for Oct-Nov-Dec shipment. White Sugar £159.00 (£161.50).

The market came under renewed pressure from commission house long liquidation and further losses of some £5.00 were recorded, reports C. Czarnikow.

No.4 Con-tract	Yest'day's close	Previous close	Business done
	£ per tonne		
Dec	151.00-55.00	158.00-58.75	158.50-52.50
Mar	158.60-55.25	165.40	168.00-56.75
May	164.15-64.25	170.85	171.50-64.00

Sales: 4,637 (3,205) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £253.50 (£254.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for Oct 26: Daily price 8.94 (9.05); 15-day average 9.84 (9.92).

COTTON

LIVERPOOL — Spot and Shipment sales amounted to 457 tonnes. Business was extensive and purchases ranged over numerous qualities. Users contemplated keeping supplies on a regular basis and demand broadened in African and Middle Eastern styles.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order, buyer, seller, business). Australian cents per kg. Dec 559.3, 559.3, 553.5-559.0; March 580.0, 580.0, 580.0-579.0; May 590.0, 592.0, untraded; July 600.0, 602.5, untraded; Oct 596.0, 597.0, 596.5-596.5; Dec 606.0, 616.0, 607.0-607.0; March 620.0, 625.6, untraded. Sales: 53.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Oct. 454 buyer, 464; Dec. 408, 410, 412-409; Jan. 409, 410, 412-408; Mar. 412, 414, 416-412; May 417, 421, 417; Aug. 432, 433, 438-433; Oct. 433, 437, 436-434; Dec. 437, 440, 439-438; Jan. 438, 445, 441; Mar. 448, 455, untraded. Sales: 155.

INDICES

FINANCIAL TIMES

Oct. 26	Oct. 25	M'th ago	Y'ar ago
283.54	286.44	287.77	227.01

(Base: July 1 1952=100)

REUTERS

Oct. 27	Oct. 26	M'th ago	Y'ar ago
1889.8	1896.8	1889.5	1511.0

(Base: September 18 1931=100)

MOODY'S

Oct. 26	Oct. 25	M'th ago	Year ago
1028.6	1052.9	1059.5	971.0

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Oct. 26	Oct. 25	Month ago	Year ago
Spot	136.46	158.14	142.32	125.52
Futures	141.90	144.27	149.38	165.42

(December 31 1931=100)

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.22 p per kg lw (+5.37). GB—Sheep 125.88 p per kg est dcw (−7.11). GB—Pigs 77.42 p per kg lw (−0.63).

Persimmons — Italian, tray 3.00-3.50. Globe Artichokes — French: 34's 9.50-5.80. Lettuce—U.S.: Iceberg 30's 24.00 (airfreight): Dutch: trays 24's 4.00-4.40. Cucumbers—Tray, Dutch: 4.00-4.30; Spanish 3.00-3.40; Canary: 3.00-3.50. Courgettes—French: per pound 0.35-0.40. Chestnuts — Italian: 22-lb 8.30-11.00. Dates—Packets x 30 5.55-5.62. Brazils—Large washed Manaos, per pound, 0.48. Walnuts—Chinese: per pound, 0.20-0.30; French Grenoble 0.60-0.65. Filberts—Sicilian: per pound, 5.29-0.30. Almonds—Ibizo: semi-soft, per pound, 5.40-0.41. Pecans—U.S.: per pound, 5.85-0.50. Cranberries—U.S.: pack x 18 6-oz. 7.20, 24 x 12-oz. 7.50. Pomegranates—Spanish: 4.50-5.50. Calabrese—Jersey, per pound, 5.35-0.40; Italian, per pound, 5.15-6.20. Sprouts—Dutch, per pound, 5.15-0.18.

English Produce: Apples—Per pound, Bramley new season 0.12-0.17, Howgate 0.10-0.11, Cox's 5.14-0.24, Russet 0.15-0.18, Spartan 0.14-0.18. Pears—Per pound, Comice 0.12-0.22, Conference 0.12-0.18. Strawberries — 8-oz 0.40-0.90 according to condition. Raspberries—4-oz punnets 0.80-0.90. New Potatoes—3.80-4.80, bakers 8.00-7.50. Mushrooms—Per pound, open 5.70-0.90, closed 1.00-1.20. Lettuce—Per tray, round 1.40-1.60. Webb's 2.40-2.50. Cos 2.00-2.20. Iceberg, per dozen, 7.50-8.00. Onions—Per 55-lb 4.00-4.20. Cabbages—Per 25-lb Celtic 2.20-2.50, Primo 2.50-2.50. Greens—28-lb, Kent 2.20-2.40. Cauliflowers—12's. Lincoln 3.00-3.80, Kent 4.00-4.50. Cucumbers—2.60-3.00. Tomatoes—Hothouse: 12-lb 2.00-2.80. Celery — 3.00-3.50. Beetroots—28-lb 2.00-2.20. Turnips—28-lb 2.00-3.00. Swedes — 28-lb 1.20-1.40. Capsicums—Green, per pound, 0.22-0.26. Leeks — Per pound, 0.24-0.26. Carrots—28-lb 1.20-1.60. Parsnips—28-lb 2.50-3.00. Sprouts—Per pound, 0.15-0.18. Fennel—Per pound, 0.25-0.30. Calabrese — Per pound, Kent, 0.40-0.50.

SMITHFIELD MEAT—Pence per pound. Beef: Scotch killed sides 81.0 to 85.7; Ulster hindquarters 94.0-88.5; Eire hindquarters 94.0-98.3; Forequarters 57.0-61.0. Lamb: English small 60.5 to 64.0; medium 58.0-62.3; heavy 57.5-59.3; Imported: New Zealand PL 59.7 to 60.5; PX 57.5-58.0. Pork: English under 100 lb 46.5 to 56.0; 100-120 lb 48.5-53.5; 120-160 lb 48.5-51.6.

COVENT GARDEN—London: Prices for the bulk of produce, in sterling per package except where otherwise stated: Imported Produce: Satsumas—Spanish: 2.80-3.70. Oranges—Outspan: Valencia Lates 56 7.70, 72 7.20, 88 7.60, 112 8.60, 138 6.30, 150 5.30; Brazilian: Valencia Lates 5.50-6.00; Uruguayan: 6.00-6.50. Lemons—Italian: Carton 7.00-7.50; Turkish: 6.00-7.00; Cyprus 10 kg boxes 6.00-4.50; Greek 15 kg 7.00-8.00. Grapefruit—Honduras: Box 5.00-5.50; Dominican: 5.60-8.60; Cuban: 4.50-4.60; Jaffa: 32 5.80, 36 5.00, 40 6.20, 48 5.95, 56 5.65, 64 5.40; Pink Carton 6.00-6.50; US: Ruby 10.80. Apples—French: Golden Delicious carton 6.40-6.50, half-carton 3.00-3.20; Granny Smith carton 7.60-8.40; Half-carton 3.60-4.20; Starkrimson, carton 6.60-7.20; Hunnanan: Red Delicious 19 kg approx 7.00; U.S. Red Delicious New Season carton 13.50-14.50. Pears—Italian: Williams 0.20-0.24; French Comice 0.14-0.10. Grapes—Italian: per lb, Italia 0.25-0.30; Spanish: Italia 0.30-0.35; Almoria 0.19-0.22; Napoleon 0.25-0.27. Melons—Spanish: 10 kg; Honeydew 3.00-4.00; Galia small tray 5.50-7.50. Bananas—Colombian: 40 lb boxes 10.30-15.50. Avocados—Canary 4.20-4.50; Israeli 4.20-5.56; U.S. 4.50-5.00. Pineapples—Each: Ivory Coast 0.45-1.50; Cape: 0.50-1.30. Paw Paws—Brazilian: 0.00-7.00. Mangoes—Brazilian: 8.00-9.00; Kenyan: 8.50-9.00. Fennel—Italian: 9 kg 5.00-5.50. Figs—Smyrna: 48's x 8 oz 0.20-9.00. Kiwifruit—New Zealand: 6.00-6.20. Tomatoes—Spanish: Tray 3.40-3.80; Dutch: Tray 3.50-3.80; Beefsteak: 5.20-5.40.

Aubergines—Dutch: 5 kg 6.00-6.60; Kenyan: 4.00-4.50. Onions—Spanish: 25 kg nets Zaragoza 4.60-4.80; Dutch: 50/70 mm 4.00-4.00; Hungarian: 4.30; Polish: 4.60-4.80. Capsicums—Dutch: Yellow 5.50-6.00, Green 4.50, Red 4.50-5.00. Cabbages—Dutch: Red 5.00, White 5.20-5.60. Sugar Peas—Kenyan: Per lb 1.40-1.60.

AMERICAN MARKETS

NEW YORK, Oct 27

Gold and silver were under pressure early from long liquidation with silver showing sharp losses in response to reports Peru had sold silver to order to boost currency reserves. However, late in the session short-covering rallied gold and silver. Copper recovered from early losses in response to an oversold condition along with fears producers might attempt to support sinking values. Cocoa was under pressure on a general lack of speculative buying interest. Coffee sold off sharply as support gave way and touched off stops and encouraged risk selling. Sugar came under heavy selling in response to bearish technical indicators and on reports of potentially large deliveries by EEC operators due to a change of policy with respect to EEC restitution. Heating oil behaved indecisively, lacking follow-through on both breaks and rallies because nothing definitive came out of the Opec monitoring committee meeting. Soyabeans rallied sharply due to heavy short-covering after the market failed to follow through on yesterday's decline, reports Heinold Commodities.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Dec	1939	1945	1920	1949
March	1974	1977	1953	1979
May	2000	2001	1983	2008
July	2027	2024	2012	2040
Sept	2055	2030	2030	2060
Dec	2065	2067	2051	2075
March	2078	—	—	2085

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	139.56	42.45	39.56	142.95
March	138.32	40.00	37.65	140.56
May	135.20	36.30	34.95	136.96
July	132.25	33.25	32.00	133.77
Sept	129.63	30.50	29.00	130.58
Dec	126.63	27.88	26.75	127.88
March	125.60	—	—	126.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	62.15	—	—	61.75
Dec	62.70	62.90	61.70	61.80
Jan	63.35	62.70	62.30	62.40
March	64.60	64.85	63.50	63.05
May	65.85	66.00	64.90	64.35
July	67.15	67.00	66.30	65.66
Sept	68.45	68.30	67.60	67.00
Dec	70.50	70.10	69.65	68.35
Jan	71.20	70.70	70.50	70.40
March	72.55	71.95	71.65	71.10

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	80.20	80.35	79.70	79.97
March	81.30	81.50	80.91	81.25
May	81.50	82.10	81.65	81.75
July	82.10	82.15	81.75	81.90
Oct	79.45	78.50	78.20	76.50
Dec	75.00	75.10	74.90	75.10
March	76.00	76.00	76.00	76.10

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	386.2	383.1	383.0	386.6
Dec	389.5	389.5	383.6	386.6
Feb	395.3	396.0	389.0	395.3
April	401.8	402.5	394.0	395.5
June	408.4	407.2	402.5	402.0
August	415.2	411.8	409.0	408.0
Oct	422.3	418.7	417.5	415.4
Dec	429.5	430.5	424.0	422.5
Feb	395.3	396.0	389.0	429.8

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Nov	79.73	79.80	79.40	79.62
Dec	80.99	81.05	80.45	80.86
Jan	81.53	81.60	81.05	81.24
Feb	81.19	81.20	80.60	80.75
March	79.07	79.16	78.79	78.85
April	77.79	77.75	77.70	77.80
May	79.25	76.25	76.25	76.80
June	75.80	—	—	75.50

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	127.50	128.25	127.50	128.50
Jan	122.50	123.00	122.50	122.90
March	120.45	120.90	120.30	120.95
May	119.70	119.50	118.30	119.70
July	119.00	119.30	118.15	118.45
Sept	118.50	118.75	118.50	118.05
Nov	117.80	117.50	117.50	118.40
Jan	114.75	114.50	114.50	114.75

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	385.7	376.7	370.0	381.5
Dec	387.7	—	—	—
Jan	389.7	390.5	378.6	383.3
April	395.7	396.0	385.5	385.3
July	402.7	395.5	391.5	391.6
Oct	409.7	—	—	398.0
Jan	414.0	—	—	405.8

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	880.0	877.7	859.6	910.0
Dec	887.0	888.0	868.0	918.0
Jan	—	—	—	926.2
March	908.7	912.0	892.7	942.7
May	924.2	926.0	910.2	960.2
July	940.0	940.0	927.7	977.7
Sept	956.0	958.0	945.2	995.2
Dec	980.6	985.0	972.0	1022.0
Jan	988.7	985.0	980.2	1030.8
March	1004.9	1003.0	998.6	1048.6

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	9.10	9.35	9.05	9.62
March	9.63	9.90	9.48	10.04
May	10.01	10.14	9.85	10.35
July	10.70	10.48	10.14	10.84
Sept	10.65	10.66	10.40	10.88
Oct	10.76	10.87	10.58	11.03
Jan	10.88	11.05	11.05	11.15
March	11.70	11.85	11.60	12.00

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	58.85	60.10	58.70	59.07
Feb	59.47	59.85	58.40	58.67
April	61.30	62.20	61.12	61.35
June	64.05	64.17	63.30	63.57
Aug	62.95	63.20	62.60	62.56
Oct	61.80	61.80	61.26	61.35

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	43.65	43.92	42.12	42.42
Feb	46.72	46.85	46.10	45.35
April	46.60	46.55	44.70	45.10
June	51.65	51.80	50.30	50.65
July	53.45	53.70	52.26	52.60
Aug	52.57	52.85	52.05	52.02
Oct	51.55	51.70	51.05	51.10
Dec	52.50	52.80	52.25	52.35

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	345.4	346.2	340.2	341.4
March	341.8	343.0	339.2	339.6
May	340.0	342.6	337.0	339.4
July	334.4	338.2	333.0	335.2
Sept	307.4	310.6	305.4	307.0
Dec	287.4	291.5	288.0	288.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	61.55	61.55	59.40	59.55
March	61.67	61.67	59.50	59.67
May	62.80	62.95	61.00	60.85
July	63.27	63.47	61.65	61.47
Aug	—	62.15	60.40	60.15

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Nov	824.0	828.0	796.0	810.0
Jan	845.0	848.0	813.0	828.4
March	861.4	863.0	829.0	842.4
May	860.0	861.5	831.0	847.2
July	857.0	859.0	828.0	842.4
Aug	823.0	838.0	807.0	815.0
Sept	759.0	759.0	736.0	734.0
Nov	684.4	686.0	662.0	666.0
Jan	694.0	—	—	678.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	237.0	238.0	226.0	228.5
Jan	238.0	230.0	228.2	229.3
March	239.5	240.0	230.0	232.0
May	238.0	238.0	229.0	229.0
July	236.7	237.0	228.0	228.3
Aug	225.0	225.0	220.0	219.5
Sept	210.5	210.0	205.0	207.5
Oct	194.0	194.0	188.0	187.0
Dec	193.0	193.0	187.5	188.5
Jan	193.6	—	—	186.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	28.73	28.80	27.50	28.77
Jan	28.37	29.00	27.73	28.48
March	29.40	29.50	28.10	28.92
May	29.38	29.40	28.36	29.05
July	29.80	29.50	28.30	29.08
Aug	28.75	28.75	28.00	28.45
Sept	28.90	28.90	28.35	28.65
Oct	28.00	28.00	28.70	25.30
Dec	25.60	25.90	24.15	24.50

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	357.4	358.6	353.4	355.6
March	371.2	372.0	365.4	371.4
May	369.6	372.2	364.8	371.4
July	355.4	357.0	350.0	358.0
Sept	362.0	364.4	368.4	364.0
Dec	376.4	377.0	371.0	377.0

SPOT PRICES—Chicago loose lard 19.50 (same) cents per pound. New York tin 595.00-602.00 (599.00-603.00) cents per pound.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling lose ground

The dollar lost ground yesterday afternoon on profit-taking following its strong performance for most of this week. International events, such as the Invasion of Grenada and the Beirut bombings continue to underpin the currency, but there is some nervousness ahead of tomorrow's U.S. trade figures, and weekly M1 money supply figure, which is expected to show a small fall, but has been notoriously difficult to forecast recently.

Sterling began the day on a steady note, but suffared from a bout of selling in the afternoon, finishing weaker against all major currencies.

DOLLAR — Trade-weighted index (Bank of England) 128.4 against 122.5 six months ago. the dollar has retreated from the peaks touched in August, amid hopes that a sustained fall was imminent, following better money supply figures and a slight easing of interest rates. A large U.S. Budget deficit is likely to restrain the fall In interest rates and the dollar, but downward pressure on the currency will continue due to the substantial trade deficit.

The dollar fell to DM 2.6180 from DM 2.6195 against the D-mark; SwFr 2.1230 from SwFr 2.1255 against the Swiss franc; and Y232.55 from Y232.50 in terms of the Japanese yen, but rose to FFr 7.9850 from FFr 7.98 against the French franc.

STERLING — Trading range against the dollar in 1983 is 1.6235 to 1.4540. September average 1.4991. Trade-weighted index 83.5 against 83.5 at noon 83.6 at the opening, 83.6 at the previous close, and 84.2 six months ago. The pound has tended to move with the dollar recently, although a decline against Continental currencies is probably welcomed. It has also reacted to Middle East tension, and its effect on oil supplies, highlighting the pound's status as a petrocurrency.

Sterling opened at $1.4960-1.4970 and traded within a range of $1.4900 to $1.4985, before closing at $1.4935-1.4945, a fall of 25 points on the day. The poond also fell to DM 3.9125 from DM 3.9225; FFr 11.9250 from FFr 11.9425; SwFr 3.1725 from SwFr 3.1850; and Y347.50 from Y348.50.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. September average 2.6683. Trade-weighted index 126.8 against 129.7 six months ago. The D-mark has improved after falling to its lowest level for nearly 10 years against the dollar in August. As U.S. money supply figures have improved attention has switched towards German money supply growth, which is causing some concern, and encouraging the Bundesbank to keep interest rates firm. This coupled with the strong German economy is likely to support the D-mark against its EMS partners and the dollar.

The D-mark had a softer tone at the Frankfurt fixing. The dollar rose to DM 2.6214 from DM 2.6131 without any intervention by the Bundesbank. Sterling fell to DM 3.9120 from DM 3.9130, but the guilder rose to DM 89.065 per 100 D-marks from DM 89.000; the Swiss franc to DM 1.2342 from DM 1.2323; and the French franc to DM 32.815 per 100 francs from DM 32.800.

JAPANESE YEN — Trading range against the dollar in 1983 is 246.90 to 226.80. September average 242.44. Trade-weighted index 153.6 against 148.4 six months ago. The yen was recovering slightly faster than most European currency against the dollar, but has been nervous recently ahead of the Government's economic package. A cut of ½ per cent in the Bank of Japan's discount rate was expected, while the package announced is designed to boost the domestic economy and not lead to a depreciation of the yen.

The yen weakened against the dollar in quiet Tokyo trading. The U.S. currency closed at the day's high of Y233, compared with Y232.50 previously. It opened at Y232.50, and touched a low of Y232.40. The quiet trading reflected caution ahead of today's U.S. trade figures, money supply and leading indicators. The D-mark fell to a record low of Y88.90 from Y89.21.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	45.9229	+2.28	+1.81	±1.5447
Danish Krone ...	8.14104	8.14835	+0.09	−0.38	±1.6425
German D-Mark	2.24184	2.25571	+0.62	+0.15	±1.0642
French Franc ...	6.87456	6.87554	+0.01	−0.46	±1.4052
Dutch Guilder ...	2.52595	2.53273	+0.27	−0.20	±1.4964
Irish Punt	0.72569	0.726607	+0.13	−0.34	±1.6699
Italian Lira	1403.49	1373.47	−2.14	−2.14	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

CURRENCY RATES

CURRENCY MOVEMENTS

THE POUND SPOT AND FORWARD

THE DOLLAR SPOT AND FORWARD

EXCHANGE CROSS RATES

FINANCIAL FUTURES

Gilts retreat

The gilt contract weakened on the London International Financial Futures Exchange yesterday. December opened unchanged at 107-27, and tried to rally but found resistance just below the 108 level, touching a peak of 107-31, but eventually succumbed to the weaker cash market, and fears about the recent mood of depression in the U.S. bond market. It fell to a low of 107-05, and closed only slightly firmer at 107-07, compared with 107-27 on Wednesday.

Volume in short-sterling remained at a low level, failing to break out from the very narrow trading range seen of late. Traders reported a continuing improvement to the tone of the market however, encouraged by the slight easing of London money market interest rates this week, and hopes that inflation will be kept under control.

Trading in Eurodollars was also within a narrow range. The December contract opened at the same level, compared with 90.30 previously. Despite the disappointment at the published details of the August Federal Open Market Committee meeting, the market hopes that there will be some sign of easier credit policies from the September meeting, and is also optimistic that U.S. money supply will remain on target during the next few months. On the other hand there was some disappointment at the distribution of the November Treasury refunding package announced on Wednesday, although the amount of borrowing was in line with expectations.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Dec	90.32	90.35	90.30	90.30
March	89.92	89.95	89.92	89.91
June	89.64	89.66	89.63	89.63
Sept	89.37	89.40	89.37	89.41
Dec	89.13	—	—	89.23

Volume 1,782 (2,206)
Previous day's open int 7,712 (7,676)

THREE-MONTH STERLING DEPOSIT

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	71-07	71-07	70-22	71-03
March	70-21	70-21	70-04	70-17
June	70-03	70-04	69-21	70-01
Sept	69-21	69-22	69-09	69-19
Dec	69-09	69-10	68-30	69-08
March	68-31	68-31	68-20	68-30
June	—	—	—	68-22
Sept	68-16	68-19	68-07	68-15
Dec	—	—	—	—

LEGAL NOTICES

IN THE MATTER OF
McCONNELL ASSOCIATES
LIMITED

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of December, 1983, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills of 1 Wardrobe Place, Carter Lane, St. Pauls, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of October, 1983.
BRIAN MILLS,
Liquidator.

IN THE MATTER OF
MEDIA CREATION LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of December 1983, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Brian Mills of 1 Wardrobe Place, Carter Lane, St. Pauls, London EC4V 5AJ, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 13th day of October, 1983.
BRIAN MILLS,
Liquidator.

MONEY MARKETS

Little change in interest rates

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

Interest rates were very steady in Europe and the U.S., although Federal funds moved up to 9¼ per cent from 9 per cent in New York on another day when the Federal Reserve did not feel it necessary to offer assistance. London rates maintained a slightly softer tone, without any major movement. Continental rates were largely unchanged, but the Frankfurt market was relieved to see another securities repurchase agreement offered for tender by the Bundesbank.

The Bank of England forecast a money market of £100m, and provided help of £97m. Exchequer transactions added £120m to liquidity, but this factor was outweighed by a rise in the note circulation of £31m, plus bills maturing in the hands of the authorities, repayment of late assistance, and a take-up of Treasury bills from Friday's tender amounting to £222m.

The Bank of England did not intervene in the market before lunch, and in the afternoon bought £74m bills by way of £16m bank bills in band 1 (up to 14 days maturity) at 9 1/16 per cent; £19m bank bills in band 2 (15-33 days) at 9 per cent; £6m local authority bills in band 3 (34-63 days) at 8¾ per cent; £9m bank bills in band 3 at 8 15/16 per cent; and £24m bank bills in band 4 (64-91 days) at 8¾ per cent.

Additional late assistance of £20m was also provided by the authorities.

In Frankfurt call money remained at 5.5 per cent after the Bundesbank announced that it will allocate a new securities repurchase agreement today, for 28 days, which will effectively replace the DM 7.1bn repurchase pact expiring on Monday. Bids for the new agreement must be at a minimum rate of 5.3 per cent, but the authorities are expected to allocate funds at around 5.6 per cent, in line with the expiring agreement. The market anticipates that between DM 5bn and DM 7bn will be made available for crediting to the banks on Monday, in a move designed to prevent a severe shortage of funds and a rise in the call money rate as the end of the statement month for banks approaches.

LONDON MONEY RATES

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

MONEY RATES

FT LONDON INTERBANK FIXING

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

INTERNATIONAL CAPITAL MARKETS

WEEKLY U.S. BOND YIELDS (%)

	Oct 26	Oct 19	1983 High	1983 Low
Composite Corp. AAA	12.12	11.97	12.59	10.62
Composite Corp. AA	12.28	12.09	12.83	10.76
Government:				
Long-term	11.58	11.38	11.99	10.18
Intermediate	11.41	11.22	12.03	9.83
Short-term	10.69	10.53	11.20	9.21
Municipal	9.79	9.85	9.86	8.72
Industrials AAA	11.84	11.70	12.38	10.51
Industrials AA	12.12	11.88	12.62	10.72
Utilities AAA	12.39	12.24	12.81	10.73
Utilities AA	12.44	12.30	13.05	10.85
Preferred Stocks	10.90	10.87	11.41	10.59

Source: Standard & Poor's

Eurodollar pricing attracts U.S. buying

By Peter Montagnon, Euromarkets Correspondent, in London

CHASE MANHATTAN has launched a $300m, 12-year floating-rate note in the U.S. which is believed to be the first publicly registered bond to be floated in New York with a Eurodollar pricing.

The issue, which follows a series of U.S. private placements carrying a Eurodollar interest rate, is designed to tap the growing demand for such paper among U.S. investors, especially commercial banks which are now offering money market-related accounts to their depositors.

Led by Salomon Brothers and Lehman Brothers, the notes will bear interest at the three-month London interbank offered rate for Eurodollars. This appeals to investors because it is normally higher than the equivalent Treasury Bill or Certificate of Deposit rate. The indicated issue price is 99⅛ to 99½.

The cost to Chase is expected to be lower than that of floating an issue in the Eurodollar market itself. Although the main placement target is the U.S. market, lead managers also expect to sell some of the paper in Europe.

Another floating-rate note launched yesterday was e $50m, eight-year issue for the Kingdom of Belgium which is to be placed exclusively in the Nordic region by lead managers Sparebanken Oslo Akershus and Svenska Handelsbanken. The notes carry an interest margin of 3/16 over six-month Libor, and may be redeemed after five years at the noteholder's option.

Unusually for a Eurobond the notes, which are being sold in minimum denominations of $500,000, are to be registered. Demand was said to be keen yesterday amid expectations that non-Nordic investors would try to buy some of the paper. Any unsatisfied appetite created for Belgian paper in this way could help sell a more broadly offered bond if Belgium decided to go ahead with such an issue, some bankers believe.

Secondary market trading in all major sectors was again dull yesterday. Aeroport de Paris is raising Ecu 25m through a 10-year, 11¼ per cent issue at par led by Crédit Commercial de France, Société Générale, Société Générale de Banque and Banque Bruxelles Lambert.

Way cleared for U.S. bond investment

By Mary Ann Sieghart in Luxembourg

A FUND is to be launched today which will enable non-U.S. residents to invest in the American capital market. Based in Luxembourg, Capital Preservation Fund International (CPFI) claims to be the first mutual fund to offer international investors the chance to invest exclusively in short-term U.S. Treasury Bills.

Entry to the fund is through the purchase of shares, in either registered or bearer form, with a minimum investment of $1,000. European investors can at present buy Treasury Bills and bonds independently of a fund, but any interest is subject to U.S. withholding tax. Shareholders in CPFI pay neither Luxembourg nor U.S. taxes on their investment.

The fund intends to retain all interest income for reinvestment, rather than distribute it, so that it will be reflected in the net asset value per share. This net asset value will determine the price of the share, and investors can buy or sell shares at no extra cost within 24 hours. The annual management fee is 0.6 per cent of the average daily total net assets of the fund.

CPFI is a subsidiary of the U.S. Capital Preservation Group.

The Group's investment objectives are said to be maximum safety and liquidity; the rate of return a secondary consideration.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for October 27.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amax O/S Fin 10¼ 90	100	94½	94⅞	0	−0½	11.47
Bank of Tokyo 11 90	100	95½	96	−0⅛	−0½	11.95
British Col Hyd 10¼ 88	200	97¼	97¾	+0⅛	−0⅛	10.88
Britoil Fin 11⅞ 90	125	100½	100⅞	+0⅛	+0⅛	11.79
C.C.C.E. 11¾ 97	100	94	94½	−0⅛	−0⅝	12.63
C.C.C.E. 12⅛ 95	75	99⅛	99⅝	0	−0½	12.72
Can Imp Bk Com 11 90	75	92⅞	93⅜	+0⅛	−0⅜	12.57
Citicorp O/S 10⅜ 90	100	92⅝	93⅛	−0⅛	−0⅛	11.91
Citicorp O/S 11¾ 90	100	97½	98	0	−0⅛	12.24
Coca Cola Int 9⅞ 92	100	91⅞	92⅜	+0⅛	+0⅛	11.32
Cred Suisse BAH 10½ 90	150†	98⅛	98⅝	−0⅛	+0⅛	10.84
Den Norsk Cred 11¼ 93	50	93⅜	93⅞	0	−0½	12.30
Du Pont 11⅛ 95	150	98⅛	98⅝	+0⅛	−0¼	11.33
E.C.S.C. 11⅞ 90	75	99⅝	100⅛	+0⅛	−0⅛	11.98
E.D.C. 11¾ 87	100	100½	101	+0⅛	−0⅛	11.50
E.D.F. 11⅛ 93	100	92⅞	93⅛	−0⅛	−0⅛	12.35
E.E.C. 11 87	350	98⅝	99⅛	−0⅛	0	11.35
E.I.B. 10¾ 93	200	92¾	93¼	+0⅛	−0⅛	11.98
E.I.B. 11 91	125	95¾	96¼	0	−0⅛	11.89
E.I.B. 11⅞ 93	150	96	96½	0	−0⅞	12.18
Electrolux 10½ 90	50	91⅜	91⅞	−0⅝	−0⅝	12.40
Enserch Fin 11⅛ 93	100	96⅛	96⅝	+0⅛	−0⅛	12.26
Fuji Int Fin 10⅞ 90	100†	93⅝	94⅛	+0⅛	−0⅛	12.22
Gen Elec Credit 9¾ 91	100	91¾	92¼	0	+0⅛	11.33
GMAC O/S Fin 10½ 90	200	97¼	97¾	+0⅛	+0⅛	11.05
GMAC O/S Fin 11⅞ 90	100	98½	99	+0⅛	+0⅛	11.64
Honeywell Int 10¾ 90	100	97⅝	98⅛	+0⅛	−0⅛	11.20
Indust Bk Japan 10⅞ 90	100	97⅛	97⅝	0	−0⅛	11.61
Japan Air Lines 10⅛ 88	42	92½	93	+0⅛	−0⅛	11.83
Japan Air Lines 11 93	75	95⅜	95⅞	+0⅛	−0⅛	11.76
J.C. Penny 11⅞ 90	100	99⅝	100⅛	+0⅛	+0⅜	11.99
J. P. Morgan 11⅜ 90 WW	150	98	98½	0	−0⅛	11.74
Levi Strauss Int 11 90	75	97	97½	+0⅛	−0⅛	11.86
L.T.C.B. 10⅝ 90	100	93⅛	93⅝	0	−0⅛	12.19
L.T.C.B. 12½ 90	85	102½	103	+0⅛	−0⅛	11.88
Merrill Lynch 10⅞ 90	200	94⅝	95⅛	+0⅛	−0⅛	11.76
Mitsubishi Corp 10½ 90	100	94⅛	94⅝	+0⅛	−0½	11.75
Mitsubishi Fin 11⅜ 90	100	96	96½	0	−0⅛	12.20
Nippon Credit 11 90	100	94⅝	95⅛	0	−0½	12.14
O.K.B. 10 91	100	90½	91	0	−0⅛	11.91
Ontario Hydro 10¼ 90	250	94⅛	94⅝	0	0	11.49
Ontario Hydro 11⅝ 90	200	100⅜	100⅞	0	+0⅛	11.60
Pacific Gas & Elec 12 91	75	101½	102	0	−0⅛	11.65
Prudential O/S 10⅝ 93	100	98	98½	−0⅛	−0⅛	11.28
Prudential O/S 12⅜ 87	150	104¼	104¾	+0⅛	0	11.27
Saskatchewan Pr 10⅝ 90	125	96¾	97¼	+0⅛	+0⅛	11.41
Sears O/S Fin 11⅛ 93	150	98	98½	+0⅛	−0⅛	11.93
S.N.C.F. 11½ 93	100	96⅞	97⅜	0	−0⅛	12.00
Sth Cal Edison 10½ 90	75	96¾	97¼	0	−0⅛	11.14
Sumitomo Fin 10⅞ 90	100	94¼	94¾	0	−0½	12.10
Texaco Capital 9¾ 90	150	92⅞	93⅜	−0⅛	−0⅛	11.38
U.B.S. 10 90	100	98⅜	98⅞	0	−0⅛	10.36
U.B.S. 11 88	150	101¼	101¾	0	−0⅛	10.64
World Bank 10¾ 90	150	96¾	97¼	0	0	11.23
World Bank 11¼ 90	100	99¼	99¾	0	−0⅛	11.38
World Bank 11½ 90	150	98⅜	98⅞	+0⅛	−0⅛	11.79
World Bank 12 93	200	100	100½	−0⅛	−0⅛	11.94

Av. price changes: on day 0, on week −⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅜ 93	100	100⅝	101⅛	−0⅛	−0½	7.22
A.B.A.S. 9¼ 88	100	99¾	100½	+0⅛	+0⅛	8.20
Arab Banking Corp 8 88	100	97½	98	+0⅛	+0⅛	8.61
Austria, Rep 7⅝ 89	100	99½	100⅛	+0⅛	+0⅛	7.94
Austria, Rep 8 93	100	101⅛	101⅝	0	−0⅛	7.78
Avon Int Fin 7½ 93	100	100⅜	101⅛	+0⅛	+0⅛	7.38
Beatrice Foods 7¾ 93	130	103⅜	104⅜	+0⅛	+0⅛	7.17
B.F.C.E. 8¼ 90	150	101	101½	0	−0⅛	7.96
Comp Tel Nac Esp 8¼ 93	100	96⅞	97½	+0⅛	−0⅛	8.66
Dresdner Finance 4 90 WW	250	107⅞	108⅛	−0⅛	+1⅜	2.58
Dresdner Finance 4 90 XW	250	83⅝	84⅜	0	+0⅛	7.08
E.C.S.C. 8 90	100	101⅜	102⅛	+0⅛	+0⅛	7.65
E.E.C. 8¼ 93	250	101⅛	101⅞	−0½	−0⅛	8.01
E.I.B. 8 93	200	99½	100¼	0	+0¼	8.01
Eurofima 7½ 90	100	100⅝	101⅜	+0⅛	+0½	7.38
Finland Rep 7½ 88	150	99⅜	99⅞	0	0	7.88
Int Standard Ele 7¾ 93	100	101½	102⅛	+0⅜	+0½	7.47
Ireland 8⅝ 91	150	100½	101⅛	+0⅛	+0⅛	8.46
Japan Dev Bank 7½ 90	100	100⅞	101⅝	0	−0⅛	7.26
Kobe City 7 93	120	97	97¾	+0⅛	+0¼	7.38
L.T.C.B. 8 90	100	102⅛	102⅞	0	−0⅛	7.51
Renault Acceptance 8 90	150	98	98¾	0	−0⅛	8.31
S.D.R. France 7⅝ 93	100	97⅛	97⅞	0	+0⅛	8.25
Sth African Tran 8¼ 90	100	98⅞	99⅝	−0⅛	0	8.38
World Bank 7½ 90	250	97⅜	98⅛	+0⅛	+0⅛	7.84
World Bank 7⅞ 89	300	99⅜	100⅛	+0⅛	+0⅛	7.81

Av. price changes: on day +⅛, on week +⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bank of Tokyo 6 91	100	102	102¼	+0⅛	−0⅜	5.85
Bergen, City of 5¾ 95	40†	99	99¼	+0⅛	0	5.85
Denmark 6⅜ 91	100	101½	101¾	−0⅛	+0½	6.18
T.E.D.C. 5⅜ 91	100	100¼	100½	0	0	5.31
E.D.C. 6 93	100	100⅝	100⅞	+0⅛	+0⅛	5.90
Europarat 6⅛ 93	100	98½	98¾	0	−0¼	6.31
Ex-Im Bk Japan 5⅝ 91	100	99½	99¾	−0½	0	5.68
Ind Fund Finland 6¼ 91	40	100	100½	−1	−0⅛	6.20
Int-Am Dev Bk 6 93	100	97½	97¾	−0⅛	−0½	6.33
Int-Am Dev Bk 6⅛ 93	100	99½	99¾	−0½	−0⅞	6.17
Japan Dev Bank 5⅝ 93	100	102	102¼	+0¼	+1	5.58
Kansai Elec Power 6 91	100	101½	101¾	−0⅛	0	5.73
Kawasaki Steel 6⅛ 91	100	100⅝	101	−0⅛	+0⅛	5.97
Manitoba Prov 5½ 93	100	100⅜	100⅝	−0⅛	−0⅛	5.43
Montreal Urban 5¾ 93	100	101	101¼	0	0	5.59
Mount Isa Finance 6 93	100	102¼	102½	0	+0¼	5.67
NTG Bk Denmark 6¼ 91	80	96¼	96½	−0½	−0⅜	6.85
New Brunswick 5¾ 93	100	101⅜	101⅝	+0⅛	+0⅛	5.55
Nisshin Steel 6¼ 91	100	99¾	100	−0¼	−0¼	6.28
Oster Draukraft 6 93	100	102	102¼	−0⅛	−0⅛	5.70
Oster Post 6⅛ 91	100	102½	102¾	+0¼	0	5.69
Sumitomo Heavy Ind 6 91	100	100	100¼	0	+0½	5.98
Sumitomo Metal Ind 6 91	100	100	100¼	−1	−0½	5.97
Tokyo Elec Power 5⅞ 91	100	101½	101¾	0	+0¼	5.61
Trizec Corp 6⅛ 93	100	100½	101	+0⅛	−0⅛	6.02
World Bank 5⅝ 93	100	98½	98¾	−0⅛	0	5.81

Av. price changes: on day −⅛, on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅝ 92	15	104⅞	105⅜	+0⅛	+0⅛	7.79
E.I.B. 8¼ 97	18	102⅛	103⅛	0	+0⅛	7.73
Japan Airlines 7⅞ 87	8†	101⅜	102⅛	0	0	7.07
New Zealand 7⅞ 88	15	102½	102⅞	+0⅛	−0⅛	7.11
World Bank 8⅞ 92	20	103⅝	104⅜	+0⅛	+0⅛	7.78

Av. price changes: on day +⅛, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12⅛ 90 C$	75†	99⅝	100⅛	+1	+0⅜	12.27
Norcen 12¾ 93 C$	60†	96⅝	97⅛	0	0	13.32
TD MTG Corp 12½ 88 C$	40†	100⅜	100⅞	−0⅛	−0⅛	12.30
Quebec Hydro 12¾ 93 C$	50†	100⅜	100⅞	0	−0⅛	12.97
Royal Trstco 12⅝ 88 C$	50†	99⅝	100⅛	0	−0⅛	12.85
World Bank 12⅛ 90 C$	75†	99⅝	100⅛	0	0	12.24
Xerox Canada 12 88 C$	40†	100½	101	−1½	−1⅜	11.76
E.E.C. 11⅛ 93 ECU	70	100	100⅜	0	−0⅛	11.17
Genfinance 11 90 ECU	80	98⅝	99⅛	−0⅛	−0⅛	11.26
Algemene Bank 8⅜ 88 Fl	150	100½	101	0	−0⅛	8.54
Bank Mees & Hope 8 88 Fl	75	101½	102	−0⅛	+0⅛	8.54
Elect Sup Brd 8⅛ 88 Fl	75	97⅜	98⅛	0	0	8.24
P.H.P. 8⅜ 88 Fl	50	100¼	100¾	−0⅛	−0⅛	8.88
Swed Exp Cred 8⅛ 88 Fl	100	96⅛	96½	0	+0⅛	8.75
World Bank 8 88 Fl	100	102½	102⅞	−0⅛	−0½	8.37
O.K.B. 14 90 FF	400	100½	101½	0	0	13.37
Solvay & Cie 14¾ 88 FF	200	101⅞	102⅞	0	−0⅛	13.48
B.F.C.E. 11½ 88 £	50	99⅝	100⅛	0	+0⅛	11.75
British Oxyg 11¾ 91 £	50	100¼	101	0	+0⅛	11.59
CEPME 11¼ 95 £	35†	99	100	0	+0⅛	11.31
CIBA Geigy Int 6⅜ 93 £	25	87	88	0	−0⅛	7.11
E.E.C. 11⅞ 91 £	50	100⅝	101⅛	0	+0½	11.68
E.E.C. 11⅜ 93 £	50	100½	101¼	0	+0⅛	11.72
Fin For Ind 10½ 90 £	20	94⅝	95⅛	0	+0⅛	11.63
Finland Rep 11⅝ 88 £	50	99⅝	100⅜	0	+0⅛	11.66
Fin Mat Oranj 12⅝ 92 £	30	102⅝	103⅜	0	−0⅛	12.06
Gen Elec Co 12½ 89 £	50	102⅝	103⅜	0	0	11.84
I.I.I. 10⅜ 93 £	25	94⅛	94⅞	+0⅛	−0⅛	11.11
Mort Bk Fin 11¼ 89 £	15	97	98	0	0	12.35
Norsk Hydro 12 90 £	30	101⅝	102⅜	0	0	11.50
Sweden 11¼ 93 £	50	96⅝	97½	+0⅛	+0⅜	11.74
Swed Exp Cred 11¼ 88 £	30	97½	98⅛	0	0	11.83
World Bank 11¼ 88 £	100	98	98⅝	0	+0⅛	11.56
Eurotom 11 93 LuxFr	500	102½	103½	0	+0⅛	10.52
Europarat 10¾ 93 LuxFr	600	102⅝	103⅝	−0⅛	−0⅛	10.24

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5¼ 90	0¼	99⅝	100	28/1	10.19	10.19
Caisse Nat Tels 5¼ 90	0⅛	98½	99	21/4	10	10.04
C.C.F. 5¼ 95	0¼	98½	99	7/4	9.94	9.91
C.C.F. 5¼ 98	0¼	100	100¼	24/3	10.19	10.17
Cepme 5¼ 88 WW	0⅛	99¾	100¼	3/12	10.56	10.58
Cepme 5¼ 92	0⅛	99⅝	100⅛	18/12	10½	10.50
Chemical NY 5¼ 94 11	0¼	100⅛	100½	23/12	10	9.96
C.N.C.A. 5¼ 95 XW	0¼	98⅞	99⅜	7/12	10	10.05
C.N.T. 5⅛ 91	0¼	99⅝	99⅞	8/11	9¼	9.32
Credit Agricole 5¼ 97	0¼	99½	99¾	24/3	10.31	10.35
Credit Lyonnais 5¼ 94	0¼	99⅛	99⅝	5/1	10.31	10.35
Credit Lyonnais 5¼ 97	0¼	99⅝	99⅞	1/4	10	10.03
Credit Nat 5¼ 94	0¼	99⅝	99⅞	5/3	10⅜	10.78
Denmark Nat 5¼ 90	0¼	99½	99¾	13/4	10	10.03
E.D.F. 5¼ 95 XW	0¼	100	100¼	10/2	11⅛	11.35
E.E.C. 5 90	0⅛	100	100⅛	8/1	10.19	10.17
Kansallis Osake 5¼ 92	0⅛	100	100¼	9/11	9⅛	9.11
Long Term Cred 5¼ 92	0⅛	100⅜	100⅝	27/11	9⅛	9.70
J.P. Morgan 5¼ 97 S	0⅛	100¼	101	12/11	10.81	10.72
New Zealand 5⅛ 87	0⅛	100⅛	100⅜	7/4	9⅞	9.85
NZ Steel Dev 5¼ 93	0¼	100⅛	100⅜	22/12	10⅛	10.21
Nippon Credit 5¼ 90	0⅛	100½	100⅞	10/2	11¼	11.18
Soc Generale 5¼ 90 XW	0⅛	99½	99¾	9/11	9⅛	9.16
Société Générale 5¼ 95	0¼	100	100⅛	1/3	10.31	10.30
Sweden 5⅛ 89	0¼	100¼	100⅝	26/2	10.19	10.16
Sweden 5¼ 93	0⅛	100¼	100½	3/2	11.19	11.5

Av. price changes: on day 0, on week +⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 96	3/82	470	121½	123	+0	8.79
Canon 7 97	7/82	748.2	219	212	+7¾	14.48
Daiwa Sec Co 5½ 98	10/83	500	96⅝	97⅝	+0⅞	2.47
Hitachi Cable 5¼ 98	2/82	515	107⅝	108⅝	+0¼	9.26
Honda Motor 5¼ 98	5/83	884	117¼	118¼	+1⅛	3.76
Honda Motor 5½ 97	3/83	759.6	137¾	138½	+2¼	3.59
Kumagai Gumi 8½ 97	10/82	400	133¼	134¼	+0¼	8.24
Kyowa Hakko 6⅛ 97	2/83	762	109⅝	111⅛	+3	10.86
Minebea Co Ltd 5½ 98	5/83	867	117⅜	118⅜	+2⅜	3.19
Mitsubishi Electric 5⅛ 98	8/83	398	111⅛	112⅛	+0⅛	3.67
Nippon Electric 5¼ 97	2/82	765.9	104½	106½	+1½	1.24
Nippon Oil Co 5½ 98	4/83	964	120½	121½	−0⅛	−0.54
Nissan Motor 5¾ 98	4/83	770	103⅝	104⅝	+2⅛	11.91
Olympus Optical 6⅜ 97	12/82	1331	101⅜	103¼	+0⅛	5.63
Orient Finance 5¼ 97	3/82	927.2	98⅝	100⅝	+3⅜	11.98
Orient Leasing 6¼ 98	6/83	2900	98	99	+0¼	7.29
Sekisui 5 98	11/83	2920	121½	123	+4⅛	2.47
Sumitomo Electric 5½ 97	3/82	577.3	130½	118	+2⅛	8.81
Yamaichi Sec Co 5 98	8/83	472	96½	98	+0½	3.22
Yamanouchi Pharm'cal 4 90	10/83	1000	94½	95½	+1⅜	9.19
NEC Corp 3½ 93 SF	6/83	970	138	140	+1	−0.24
Sanyo Paper 3⅜ 93 SF	9/83	716	102¼	104¼	0	11.19
Asics 5 92 DM	12/83	520	106½	107¾	−0¼	9.52
Konishiroku 6¾ 88 DM	8/82	616	118⅝	119⅝	−0¾	8.73
Sun Realty 8¼ 92 DM	2/83	365	121⅞	122¼	+1⅛	−3.20

* No information available—previous day's price.
† Only one market maker supplied a price.

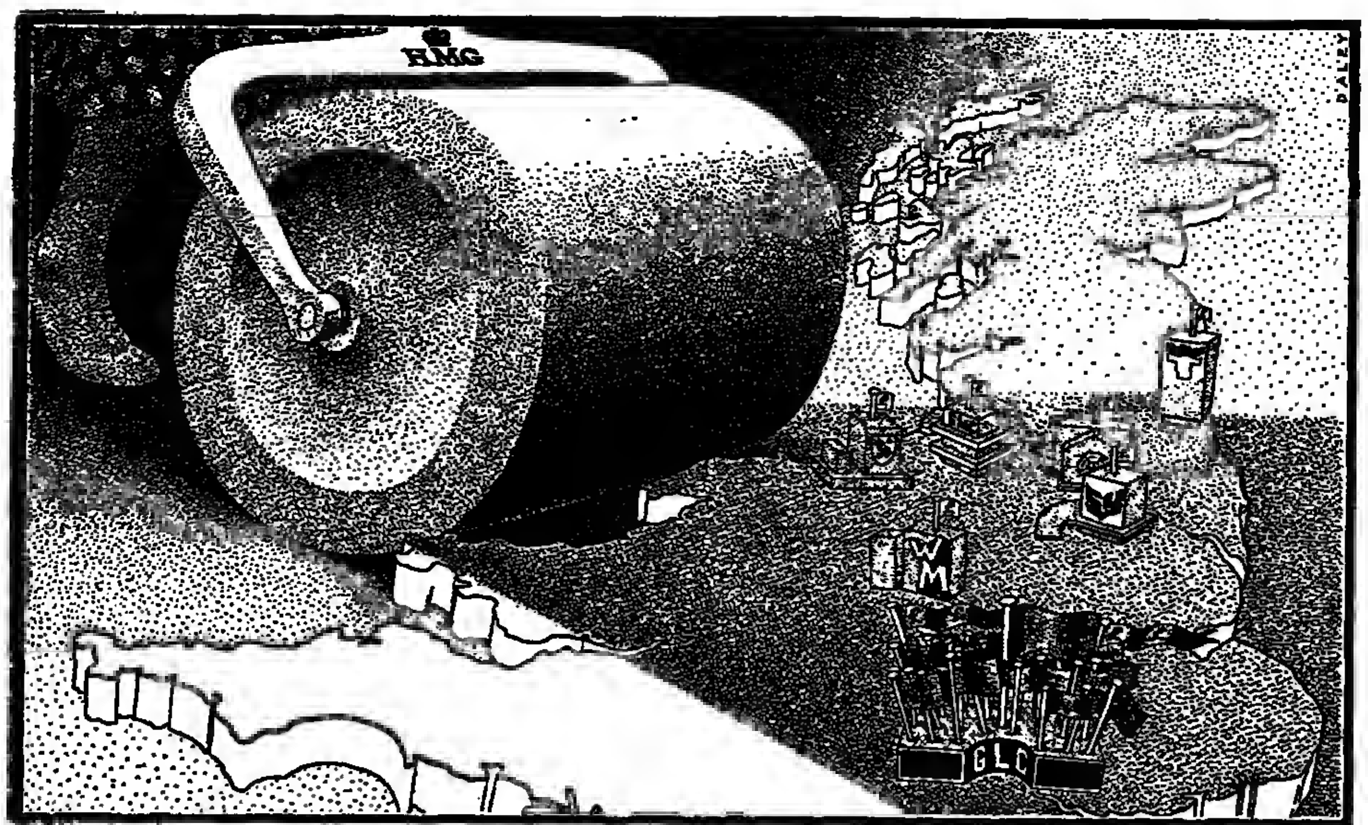
Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. C.yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Metropolitan Counties

Within three years the Greater London Council and six metropolitan counties will have been abolished. The Government says the move will cut costs and increase efficiency. Opponents say costs will rise and democratic control will be weakened



By ROBIN PAULEY

IN APRIL 1986 one quarter of the population of Britain will find an entire tier of its local government has been abolished.

This has happened before: in 1974 people who had always lived in Somerset found themselves in Avon; Bournemouth appeared in Dorset although everybody knew (and still knows) that it really is part of Hampshire. To the dismay of its inhabitants, Rntland disappeared altogether.

Pert of that reorganisation, which was extremely unpopular, ereated the six metropolitan county councils in England-Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear, West Midlands and West Yorkshire—which the then Environment Secretary, Mr Peter Walker, insisted on creating in the great urban conurbations. In this he went against the advice of the Redcliffe-Maud Royal Commission, which proposed only three such super-councils. Those six councils are now to be abolished without an inquiry, together with the Greater London Council, which has been in existence for 10 years longer than the conoties.

Radical effects for London

The minor functions of the abolished authorities are to pass to the existing lower tier of government, metropolitan district councils and the London boroughs. But, because there is to be no fundamental reform of local government structure and its finances, the existing first tier councils are too small to cope with the major functions of fire, police and transport.

These will pass to a mixture of joint local authority boards and statutory bodies, none of which will be directly elected. The statutory body members will be appointed and the joint boards will consist of members nominated from the district and borough councils, the nominations reflecting the political composition of the councils.

In London, the effects will be more radical than in the other urban areas. The abolition of the Greater London Council will leave London—"a nation, not e city" as Disraeli described it—with no capital-wide government for the first time in more than a century. The GLC, covering 6.8m people—and around 9m if commuters into the city area are counted—was set up in 1964 to succeed the former London County Council and Middlesex County Councils.

In 1977, when the Tories controlled London's County Hall but not Westminster, the present Environment Secretary, Mr Patrick Jenkin, said: "I therefore believe that we have got to return to the concept that the GLC is a strategic authority. The GLC's planning powers should be essentially strategic and provide a framework within whieb the boroughs should operate the day-to-day planning controls. The GLC should remain responsible for London Transport, and its transport planning should be progressively integrated with its strategie land use planning."

Since then the political power positions have been reversed. The Conservatives are in power at Westminster and Labour controls all tho metropolitan counties and the GLC. The leadership of the GLC, in particular, has infuriated the Government both by its controversial and highly publicised political pronouncements, and by adopting an expenditure philosophy diametrically opposed to that of the Cabinet.

Hence, the statement in this year's Tory general election manifesto that the GLC and metropolitan counties were both "wasteful and unnecessary." Earlier this month Mr Jenkin said that "there is no real need for so-called strategie entborities . . . it is now clear that they result in friction and duplication."

This echoes the recent White Paper "Streamlining the Cities" which says:

"The GLC and MCCs have found it difficult to establish a role for themselves. Most of the real power rests with the borough and district councils. The npper tier authorities have a large rate base and an apparently wider remit. This generates a natural search for e 'strategic' role which may have little basis in real needs.

"What is more, in most policy areas, the implementation of such strategic views as may be developed depends, in practice, on the agreement of the borough or district councils, which may not be forthcoming.

"This is e recipe for conflict and uncertainty. A strict interpretation of the upper tier role, as envisaged in the legislation, would leeve members of these euthorities with too few real functions. The search for a wider role brings them into conflict with the lower-tier authorities. It may also lead them to promote policies which conflict with national policies which are the responsibility of central government."

In part, this is borne out by events. There have been freqnent time-consuming and bureancratic conflicts between the two tiers, and the lower tier authorities, as eager as anybody for more power, have made little secret of their desire to assume the sole mantle of government in their areas and take over some county functions.

In addition, the argument is put forward by many students of government that a single tier of local government might be the best way to improve accountability and democracy. Ratepayers would receive e single bill for services provided by a single council and the leverage between providers and payers would be stronger.

This would entail, bowever, a wholesale and careful reorganisation of local government throughout England and Wales. It could not be successfully attempted without a simultaneous review of local sources of finance to try to redress tho imbalance in the rating system, which now bas to bear too great a burden financed by far too few recipients of the benefits and services.

But the Government is not proposing such a change; both the rating system and the structure of two-tier government in the shire areas will remain intact.

Nevertheless the Government is claiming that the abolition of the top tier in the capital and major urban areas will save ratepayers' money, save around 9,000 jobs and eventually provide e more efficient and cost-effective delivery of services, even if there is e diminution in democratic accountability.

Civil servants working on the proposals are not so sure. They warned Mr Tom King, the previous Environment Secretary, that the vague election estimate of abolition costs of £20m to £70m was far too low.

No functions to be abolished

Officials also travelled to West Yorkshire to discuss e study by West Yorkshire County Council which showed abolition costs of between £20m and £30m plus annual costs of £8.1m as a consequence of removing that council alone. They returned to London to declare that the methodology of the study was impeccable but all the costings were far too conservative and actual costs would therefore be even higher —and substantially so.

In addition, officials are far from convinced that the quangos—including a strategic planning advisory body for London, bodies to run London's debt and highly complex superannuation fund—and the joint boards, all of which can levy their own rate precepts, will be cheaper for the ratepayers in the end than the present system.

An additional fear is that this further move towards central control of the minutiae of local budgets could be paving the way for some future wholesale takeover of one or more functions by Westminster.

No functions are to be abolished, and all will still have to be paid for. The eore of officials' objection is that more rate precepts, set without the direct threat of ballot box consequences, however weak that threat might already be, does not augur well for a long-term reduction in costs. There are also fears that reorganisation, particularly in London, will be an administrative nightmare.

The Government remains unconvinced. The GLC curreot expenditure is about £1bn and its total budget about £2bn. The combined metropolitan counties current spending is about £1.6bn. This spending is about £136 per head per year in the GLC area and £142 in the metropolitan counties. Ministers think it inconeeivable that these very large sums cannot be reduced, even though mueb of the costs involve fulfilling statutory obligations—the largest exception being the heavy level of subsidy allocated to public transport.

But beneath the crude figures there are some more sophisticated difficulties which might mean ratepayers and districts suffering a harsher financial impact from abolition than they expect, in addition to the loss of an authority which can benefit from economies of scale and provide cross-boundary services —sueh as the Tyne and Wear Metro which covers four of the five districts in the county.

The county councils, and most particularly the GLC, have an in-built redistributive financial role in their areas. The cost of the West Yorkshire county precept, for example, is £39.24 per bead to the population of the district of Calderdele, against an average of £46.83 for the county as a whole.

This will be lost under reorganisation and other additional costs will become inevitable: It has been estimated, for example, that the extra costs falling on Calderdale when it has to take on the county's duties on consumer protection will be around an extra £360,000 a year.

In London the effects of the loss of the equalising mechanism of the GLC's rate precepts are even greater and the Government has acknowledged that the current Inner London Eqnalisation Scheme which redistributes some of the wealth of the City of London and Westminster to other inner London boroughs will have to be developed aud extended to outer London boroughs if major financial chaos is to be avoided.

It is this equalising function which has saved the Inner London Education Authority, the abolition of which has been on the cards sinee Mrs Thatcher, as Education Secretary, in 1974 discovered it had a virtually permanent Labour majority and a rate precept which could not be challenged. Its financial equalising function has saved It and makes its future abolition inconceivable unless the entire structure and financing of local government is first overhauled.

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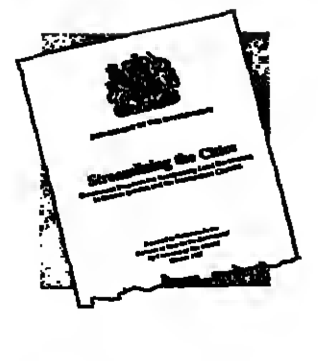
Editorial production of this survey by Mike Smith



What the White Paper proposes

THE MAIN points of the White Paper inclnde:

- Abolition of the Greater London Council, Greater Manchester, Merseyside, South Yorkshire, Tyne and Wear, West Midlands and West Yorkshire councils in April 1985.
- "Shadow" bodies and joint boards to rule from April 1985 until the legislation giving them authority takes effect in April 1986.
- Joint local authority boards, not directly elected, for police, fire and public transport including airports.
- Central government control of budgets and rate precepts for at least three years.
- Central government control of staff numbers.
- Inner London Education Authority to remain, no members being directly elected.
- Staff Commission to deal with transfer of jobs and redundancies.
- New body to administer GLC debt and superannuation fund.
- New body to advise Government on strategie planning in London.
- London boroughs and metropolitan districts to take over highways and traffic management, waste regulation and disposal, residual GLC housing function, trading standards, support for the arts and sport.
- Thames Water Authority to take over Thames Flood Barrier.
- Certain arts sponsorship will be taken over by the trustees of national museums and galleries.
- Smallholdings estates to be transferred to appropriate shire county councils.
- MCCs interest in airports to be transferred to new public transport joint boards.

Patrick Jenkin, Secretary of State for the Environment, outlines the case for abolition

'Time to end this wasteful bureaucracy'

THE GOVERNMENT are committed to improving efficiency in all sectors of national life. A major element in our strategy is a determined attack on the "national overhead." This means looking critically at the roles and structures of public sector bodies like the Civil Service, the National Health Service, and local government.

In the late 60s and early 70s we learned to live beyond our means. Now we face the need for a new realism, whieb calls in question some of the institutional changes made over the last 20 years.

In our first term of office, we took a aeries of measures designed to reduce the share of resources consumed by the publie sector, including local government. Many local euthorities now recognise the need to contain expenditure and to reduce manpower. But some problems remain; and we have spelt out our proposals for dealing with those in our rates White Paper.

Experience in our first term of office convinced us that, in Greater London and the metropolitan counties, the existing local government structure involves unnecessary bureaucracy. There is a superfinous tier of government; and we decided to remove this by abolishing the Greater London Council and the metropolitan county councils.

The time-honoured way to proceed wonld have been to set up an inquiry. That has been the favourite eourse for governments—of both parties—over the last 20 years. But an inquiry simply means putting off necessary decisions and action; and there is no case for that when the right course of action is already clear.

The upper-tier councils in the metropolitau areas are already the junior partners in the provision of services They are responsible for no more than one-qnarter (in London one-sixth) of the spending on local services in these areas.

In many of the minor services, both tiers already have e role. Overall, there is little that the boroughs and districts cannot do themselves, directly or indirectly. There is, in short, not a sufficient executive role to justify a separate directly-elected upper-tier council.

The contrast with the shire counties is striking. There, the upper-tier authority is more powerful, not only because it is larger, but because it is responsible for the provision of most services. The county councils therefore have a real role. So do the district councils which provide important services, in particular in housing. Although there are some inevitable tensions, the system in the shire counties works well, and we see no case for change there.

Conflicts with district authorities

In the metropolitan areas we see large councils, each with 100 or so councillors, with few real operational functions. It is, perhaps, not surprising that some of these councillors have sought an outlet for their energies in developing a so-called strategic role. This has proved to be a recipe for conflict and duplication.

There is conflict with the lower-tier authorities, who find that the upper-tier wants a greater role in some services which are shared. In ettempting to implement a strategie view, the upper-tier impinges on the operational responsibilities of the lower-tier.

The pursuit of the strategic role has also brought these authorities into conflict with central government. They have assumed a local mandate to speak on such issues as the national economy and even defence policy. Some of them have begun to behave as if there were states in a federal system. In this they have gone well beyond the traditional view of what local government is about.

Of course, some of the conflicts with central government have been political in a party sense. But that is not the real issue.

Neither party political conflict nor the sometimes bizarre spending activities of the GLC would have led the Government to propose structural change, unless it had been obvious that these activities were symptoms of e more significant underlying problem—the lack of e real role.

Local government reform is one of theso many subjects on which there is complete agreement "that something must be done," but no agreement on what precisely it should be. Our political opponents favour a simpler aud less confusing structure, and they too would achieve this by abolishing one of the tiers. They have been quick to criticise our proposals; they have not begun to spell out how they would achieve their objectives.

The major attack on our proposals has, of course, come from those whose interests are directly affected. That is not surprising. We all find it difficult to face change. But resistance to change, and the natural defensiveness of our institutions, are problems which the Government must tackle if economic performance is to be improved.

Boroughs to unite for some services

Naturally, those who have tried to make e success of running those authorities have e right to be heard. It is the role of local politicians to speak for their authorities. I hope, however, that, despite disturbing signs to the contrary, the officers of these authorities will leave the political debate to their members, and not enter the fray themselves.

Clearly, we are not proposing a simplistie unitary system—with one euthority directly providing every local service. That is an unrealistie objective.

For e few services, the organisational arrangements must go wider than the individual borough or district. Combined police authorities, covering two or more counties, already work well in a number of areas; and this is the model that we propose to follow for both police and fire services—and also for edncation in Inner London. Similarly for publie transport, where we propose to turn to the system of Passenger Transport Authorities which existed in 1968-74.

There is nothing very novel and nothing very complex in authorities coming together to run a service jointly — either on a voluntary basis or through a statutory joint board. None of the operational bodies which we propose to set up is e quango — that is, a body appointed by ministers. The joint boards will consist of elected members, appointed by their own councils, and answerable to them for the way the service is run.

The joint boards will not, as has been suggested, be issuing separate rate demands. Their precepts will be separately identified in the single bill which will be sent, as now, by the borough and district councils. Ratepayers will be able to see clearly bow much each joint board is costing them; but they will not be faced with e series of separate bills.

Although the councillors who serve on the joint boards will be answerable to the electorate for the expenditure, I believe that the ratepayer deserves reassurance that the potential savings available from this reorganisation are not lost because new bodies are set np in an extravagant way. For that reason, we propose to take powers to exercise control over joint boards during their first three years. In that way we shall ensure that they make an eeonomical start.

Arrangements will be made for the ontstanding liabilities of the authorities concerned to be taken on and managed in a secure, coherent, and efficient way. Existing debts will be serviced by the successor bodies who will continue to have access to the rate-base. It is alarmist to suggest that ebolition raises problems here. Similarly, the rights of existing pensioners will be fully protected.

Change is needed in Greater London and the metropolitan counties. There already exists e tier of authorities, the borough and district councils who provide most local services. They can become directly responsible for virtually all local services; and they can come together, in the joint boards, to run the few services where wider arrangemants are needed.

The borough and district councillors will be the people to whom ratepayers and electors can turn first in respect of all their local services. It will be for them to balance the competing calls of all these services on the ratepayers.

Eliminating a source of conflict

The abolition of the GLC and the MCCs will eliminate the overheads of a whole tier of local government; it will also eliminate a source of conflict and overlap. The results will be more eeonomical and effective local government.

Our White Paper and the associated consultation documents spell out the means of achieving this. On the principle of abolition, we stand firm. There are, however, many details on which we are ready and anxious to listen to views. We have allowed ample time for consultation, with legislation in the next session of Parliament. But we are determined that, on April 1, 1986, we shonld achieve this major improvement in local government in London and our six great metropolitan areas.

Mr Jenkin: "The right course of action is clear . . . we stand firm on abolition"

Costs are high but rates burden may rise under the new system

Is this the right solution?

The record

ROBIN PAULEY

THE LAST Conservative reorganisation of local governmant, in which Mr Peter Walker created the metropolitan counties, took nearly a decade to consider and implement. They say they got it wrong. The current ettampt to put it right through a straightforward abolition of the counties is to be attempted in under two years.

The Government's new case for abolition is that the metropolitan counties now constitute an unnecessary, expensive and wasteful tier of local government, doing very tittle with very many bureaucrats and at great cost to the ratepayer.

The record shows that the metropotitan counties bave indeed spent large sums of money when they bave been both Conaervative and Labour controlled but in spite of unrealistically tight targets from central government the budgets for the slx metropotitan counties for 1983-84 are only 6.5 per cent over target, largely because of public transport subsidies which have proved popular with local electorates but expensive for local ratepayers.

Nevertheless, the Government has long regarded them as profligate and the objections were summed up concisely by the Confederation of British Industry during one of its regular campaigns against local government and rates. In its snbmission to the Government the CBI noted that:

- between 1978-79 and 1982-83 metropolitan counties increased their rate and grant borne expenditure by 82.5 per cent compared with 62.3 per cent in the metropolitan districts and 67.4 per cent in the London boroughs;
- in 1982-83 metropolitan counties budgeted to overspend Government targets by 13.9 per cent (£136m) compared with 3 per cent (£117m) for metropolitan districts, and 5.2 per cent (£128m) for London boroughs. (The CBI analysis however ignores the arbitrary system used to create targets which produce unrealistical and unattainable goals for some authorities, notably the GLC);
- the metropolitan counties control of manpower has been worse than everage (and manpower costs eat up some 60 per cent of total local authority current expenditure on average). Apart from Merseyside, which consistently refuses to provide data, full-time manpower in the metropolitan counties (excluding law and order) grew by about 2 per cent between December 1978 and September 1982 compared with a 10 per cent decrease for England and Wales as a whole.

PRICE CHANGES
(in percentages)

1974-1982

Telephone and telegraph	226.8
Electricity	314.3
Gas	222.5
Household disposable income	211.4
Water	248.6
RPI	195.3
Metropolitan counties precept (average)	120.1

Research by Jan Schling, Editorial Research Desk.

The link between manpower levels and overall costs has provided one of the strongest arguments against the metropolitan counties and against Merseyside in particular which refuses to publish for its ratepayers the manpower figures. Its costs per capita of providing services — £133.60 in the 1981-82 estimates compared with an average for the metropolitan counties of £117.67 and a low of only £98.65 in West Midlands — suggests that its staffing levels are higher than the average of around 2.5 full-time employees per 1,000 population.

Nevertheless, all the other metropolitan counties have increased their staffs during the past year in spite of pleas from Government, commerce, industry, and ratepayer pressure groups for improved efficiency and more productivity from fewer staff as a way to cut significantly the pressure on the rate without damaging services. Between June 1982 and June 1983 Greater Manchester took on 204 extra full-time employees, an increase of 3.5 per cent, to a total of 5,954. South Yorkshire's staff roll rose by 127, or 2.9 per cent, to 4,577; Tyne and Wear's rose 32, or 1 per cent, to 3,144; West Midland's rose 92, or 1.8 per cent, to 5,210; and West Yorkshire's rose 115, or 1.8 per cent, to 6,356. All except West Yorkshire, and Tyne and Weer also increased their part-time staffs.

However, the metropolitan counties appear in a better light wben the services provided by their 30,000 or so employees are considered.

Mr Walker rejected tha recommendation of the Redcliffe-Maud Royel Commission that metropolitan counties should be education authorities and, therefore rating authorities. The services they were allocated were highways, transport, police, fire, administration of justice, planning and developrefuse disposal, leisure and recreation, trading standards and consumer protection.

Of these local transport is the most expensive and controversial, accounting for more than 40 per cent of revenue expenditure and around two-thirds of all capital expenditure. Although this high level of spending on public transport and its impact on ratepayers has been one of the Government's main objections to the metropolitan counties it has produced projects which have attracted world-wide attention and admiration. South Yorkshire's cheap fares policy, for example, is a model of transport economics in action and bas produced a sophisticated and intensively used bus system to the benefit of the entire community including commerce and industry, which also benefits from the clear road system. Tyne and Wear, after mnch difficulty, has a Metro system which is studied the world over, its only drawback being the absence of key links such as the stretch to Newcastle Airport.

Police services eccount for around 36 per cent of expenditure, increases being at the instigation of central government. Fire takes about 8 or 9 per cent.

These three aervices therefore account for around 85 per cent of all met county expenditure. They have done since their creation although some of the authorities have switched potitical control since 1974.

None of these services can he passed down to the district so all will be operated in future by either joint local authority boards or quangoes under central government control. The Government has not indicated that any of the structures of these services will be reduced nor how it expects costs to be saved, except by substantial increases in bus fares.

Apart from bus fares and rising manpower levels there is no statistical evidence to show undue extravagance in year-on-year expenditure changes once the arbitrary inconsistencies within the government's current system of grant allocation are discounted.

As abolition will involve costs calculated by West Yorkshire County Council for lts authority alone of £8.1m annually plus one-off associated costs of between £20m and £30m there is a strong chance of a higher rate burden, at least in the first years—a fact recognised by the Government which has announced its intention to control the budgets of the new authorities for at least the first three years.

On balance, therefore, the financial record of the metropolitan counties in real terms does not support the case for their abolition. When abolitionists and some of the metropolitan districts keen for more power talk of the metropolitan counties not having much to do except issue a stream of tedious memorandums to the lower tier and attempt strategic planning without strategic powers, they are referring to the marginal activities, not the most important and most expensive.

The political case against the counties is stronger, however. The metropolitan counties have never been able to conquer the feeling of remoteness from the communities in their areas and there bas been a good deal of conflict, particularly over planning matters and supplementary rates to subsidise fare cuts, between the counties and the districts. The fact that GLC and met counties, covering 25 per cent of the population are all under Labour control, is also a perfect recipe for confrontation against a Conservative Government.

The Conservatives could legitimately have argued from a political standpoint that they were reducing a tier of government, improving the lines of accountability between the payers and providers of local services and freeing, as they see it, large numbers of Tory voters from the impost of municipal socialism.

But this would have needed to go hand in hand with improved democracy rather than a string of bodies and boards which are not to be directly elected. The record of the metropolitan counties, while attracting widespread and sometimes justified criticism, does not appear to warrant the changes for political reasons unless they are to be part of a full reform of local government, structure and finance.

THE GLC AND METROPOLITAN COUNTIES

	Political control	Population	Total debt £m	1983-84 rate precept (p)	Total rate and grant-borne expenditure 1983-84 £m	Target expenditure £m	Full-time employees (excl. law and order) June 1983	Unemploymt. rate August 1983 %
Tyne and Wear ...	Labour	1,143,245	182	54.5	157	135	3,144	16.5
Merseyside	Labour	1,513,070	150	59.4	256	182	†	18.4
Greater M'chester	Labour	2,594,778	168	46.0	349	234	5,954	14.2
West Yorkshire ...	Labour	2,037,510	175	45.7	268	187	6,356	12.6
South Yorkshire...	Labour	1,301,813	69	75.8	211	159	4,577	15.2
West Midlands ...	Labour	2,644,634	149	43.6	331	226	5,210	16.0
GLC	Labour	6,776,000	2,480	37.7	982	586	20,796	9.6

† Not disclosed.

Cocking a snook at Westminster

The GLC

ROBIN PAULEY

THE GOVERNMENT clearly does not agree with Johnson's comment in a letter to Boswell: "When a man is tired of London he is tired of life." This Government is very tired of London, or at least its administration in the shape of the Greater London Council and is to do away with it in April 1986.

It has always been a political fact of life that central governments are tired of London's own local government. Soon after the old London County Council was established the Conservatives, attacking its Socialist experiments, attempted to undermine its power by creating inner London borough councils beneath it. Nevertheless, the London County Council, persistently Labour controlled, cocked a powerful snook at Westminster across the Thames for decade after decade.

Although current Conservative ministers refer to Herbert Morrison as the sort of Labour leader who truly had London's interests at heart, as opposed to today's leadership which is regarded as irresponsible, spendthrift and politically opportunist. Morrison suffered exactly the same taunts from the Tories in the 1930s as Ken Livingstone does today. Extravagant spending, disregard for the ratepayers and cells for abolition bave come and gone during the last century with remarkably little difference in the style of rhetoric employed.

Political control

The Conservatives changed tack against the Labour LCC in the early 1960s and instead of abolishing it they enlarged it to cover the outer London boroughs as well. This meant the Conservatives would control most of the London boroughs which were accordingly given more powers, and had a good chance of controlling the new Greater London Council, established in 1963, most of the time.

It is this emphasis on political control before rational structure, financing and distribution of functions, which has caused so many of the problems with London's administration today. The GLC, far from being eble fully to operate as a strategic authority for the 6m people of London, found itself caught between the boroughs and the Government, both of which possessed too many of the powers which any London-wide authority would need, particularly in planning.

The new element was the election in 1981 of an aggressive left-wing Labour administration, firmly elected on a detailed manifesto commitment to improve London's public transport and reduce fares with inevitable and painful consequences for the rate bill. This enabled the Government to link the political complexities of the GLC with o rapid increase in rate bills in London, even in those Tory-dominated areas where services had been cut and the borough rate reduced.

Nevertheless, practical considerations ruled out abilition of the GLC. Senior Ministers, including Mr Tom King, then Environment Secretary, backed up by a wealth of statistical work from offieiels, warned that abolition would be an administrative nightmare, would leave Britain with virtually no government of its capital city, and was more then likely to result in a higher, rather than lower, burden for ratepayers (as indeed the Conservative reforms against the LCC a century earlier had done).

Only when it became apparent that the Government bad no alternative to offer to domestic rates at about the same time as it was preparing to call a general election did abolition of the GLC and other metropolitan strategic authorities reappear.

'Unnecessary'

In the rush to compile a manifesto, and bereft of original thought on local government and rates after 10 years of promising to "do something," Mrs Thetcher insisted that two previously abandoned ideas be written in: abolition of the GLC and metropolitan counties and an idea, first mooted by Mr Leon Brittan, now Home Secretary, to impose limits on rate rises of high-spending councils.

So the manifesto said: "The metropolitan counties and the Greater London Council have been shown to be a wasteful and unnecessary tier of government."

The recent White Paper, "Streamlining the Cities," backs this up by saying the GLC current expenditure rose by 185 per cent in cash terms between 1978-79 and 1983-84, that expenditure growth in volume terms rose by 50 per cent and in cost terms—that is, after allowing for inflation—by 65 per cent. Between 1981-82 and April 1983 the GLC rate precept increased 118 per cent compared with an everage 20 per cent in England and an increase in the retail price index of about 14 per cent over the same period.

In the rush to compile a manisary always to bear in mind that abolition of the GLC does not imply abolition of any of its functions, all of which will still have to be paid for. They are to be provided by a mix of joint boards and quangos, none of which will be directly accountable to the ratepayers but all of which will be able to levy a rate precept on them.

The Government has so far declined to show how it thinks savings to the ratepayers will bo achieved and there is very little external work on the subject.

One GLC Conservative, Mr Michael Wheeler, has prepared a document, however, which predicts higher rates for virtually all services. He estimates that abolition will meon a minimum rate increase ot around 12p in the pound for an outer London borough like Bromley and 17p for a thrifty Conservative inner London borough such as Wandsworth.

One of the difficulties facing the GLC, and local government in general, is the problem of communicating the real perspective of spending implications as opposed to the perceived. The same applies to the differences in sums spent on various activities which might have a high political impact but low cost.

The current administration et county hall has, by all accounts, failed completely in this field which is why the general perception is that huge rate rises have been caused by expenditure on trips to Northern Ireland, support for minority ethnic end sexual preference groups, black balloons for Royal Wedding Day and the like.

In fact, all expenditure on arts, ethnic minorities, sports,

CONTINUED ON NEXT PAGE

Ken Livingstone, leader of the GLC, argues the case for retaining the council

'Spare us the dead hand of the centre'

IT IS in some ways tempting to share the view of the popular press of the Government plans to abolish the GLC—that is, it is some personal attack, motivated by dislike of my own political opinions. After all, the recently published White Paper, Streamlining the Cities, offers no other reason.

The personal approach, however, is not only wrong, but perhaps also deliberately misleading. Misleading in that it distracts from the real issues. Deliberately, because Government is clearly unwilling to allow those real issues to be publicly understood.

The press release attached to the White Paper declared the Government's intentions. The Secretary of State for the Environment, Mr Patrick Jenkin, wishes to provide "more effective. . . more economical local government," a system that would "remove. . . duplication and conflict," that would be "simpler to understand."

Turning then to the White Paper one may be led to expect an analysis of the GLC's services and of the costs of providing them, examples perhaps of duplication and conflict and evidence that the system was grossly misunderstood and a presentation of a new system, cheaper in providing services and more amenable to understanding.

Any such expectation is soon dashed. The White Paper does none of these things. In its superficiality it reveals its author's contempt of local government. Embarrassed by the failure to introduce radical reform of the rating system, the Government has seized on abolition to distract attention from this climbdown.

‘Reform is always possible and both main parties at the GLC have called for major changes in the council's role’

The key to any sensible reorganisation should be the examination of each function to identify how best the public can be served. Reform is always possible, and both main parties at the GLC have called for major changes in the council's role.

It is the GLC's contention, however, that the case for abolition must be proved by its proposers. The debate is not about bringing the GLC into being. It is about getting rid of a large public institution. The risk of confusion and disruption is such, and the history of previous reorganisations is such, that the Government should be able to show clearly the advantages of its plans. It presents no such balance-sheet.

It is worth considering the origins of the GLC, its "reason for being." The London County Council was created in 1888 by a Tory Government concerned about the confusion, duplication and conflict inherent in a plethora of joint boards and quangos.

The Government soon regretted its actions, but for political rather than administrative reasons. The Prime Minister, Lord Salisbury and the right-wing Press of the day were outraged by the "socialistic" policies of the LCC Liberals and used much the same language as we have become accustomed to at the GLC since 1981.

By the late 1950s central government was again concerned at the lack of co-ordination over what was by then a very large metropolitan area. They were also concerned by the failure of the Tory Party ever to win the LCC. Harold Macmillan appointed a Royal Commission which contemplated for three years before reporting. The Commission was unanimous in its main finding: that London as a single city needed an upper-tier authority to co-ordinate those local government functions that embraced the whole area. The Government accepted the findings, published a White Paper, and Sir Keith Joseph piloted the subsequent bill through its Commons stages to be law by 1963. The LCC was abolished and the GLC created.

In 1969 the Government accepted that London Transport should also be placed under GLC control. The Opposition spokesman was the member for Finchley, Mrs Margaret Thatcher. She did not oppose the main proposals and she particularly supported the idea that fares subsidy should be placed under the control of the democratic process. Incidentally it was the Heath Government that introduced a new faith in appointed quangos. Both water and ambulance services were hived off. In each case costs have since risen well ahead of inflation.

The reasons for metropolitan-wide authorities remain as true today as 20 years ago:

- London-wide priorities must be balanced against local needs;
- London-wide resources are needed, local resources are not sufficient;
- Some services just cannot be handled locally and remain efficient and effective;
- Londoners should have the right to vote for the provision of services identified as London-wide.

The GLC's services are essential to London—no one seriously believes that spending on public transport, roads, housing, fire-fighting, flood prevention and so on will end. Yet misconceptions abound.

‘The boroughs will gain costly responsibilities but the means to fund them will be entirely in the Government's hand’

On September 16 the FT published a letter from the CBI calling for abolition to lift a charge of £770m off the rates. The truth of GLC spending is that the vast bulk is fixed or non-contentious. Some £474m will be spent this year in servicing debt. Staff costs account for only 16½ per cent of total GLC spending. Of these staff, one-third are fire-fighters. The spending therefore will continue after abolition of the institution. The question is only whether the new system would be better than the present.

The principal feature of the proposed new system is that it will be highly centralised in the hands of Government, despite the claim that most services will go to the boroughs.

The Government's most important lever in this is through the manipulation of grant aid mechanisms. The GLC currently raises £770m to spend on London services. The table shows what happens when £100m of spending is passed to the boroughs. For the few, rates fall. But for 87 per cent of London's population, rates rise. Government proposes to juggle with Block Grant to prevent windfall gains and losses. But it is Government who will make the rules and pull the strings. The boroughs will gain costly responsibilities but the means to fund them will be entirely in Government's hands.

The controls go further. For three years after 1986 the new joint boards will have their budgets set and their staffing fixed by government. The activities passed to the boroughs will also be held in the same straitjacket.

The dead hand of the centre will fall on detailed programmes. The Department of the Environment will have increased planning powers and the Secretary of State will set up an advisory, unelected, planning quango for London. The Department of Transport will take control over 70 miles of London's primary road network, and will take powers to supervise the highway and traffic management duties being given to the boroughs. The urban motorway proposals crushed at the GLC ballot box in 1973 will be back with a vengeance.

The GLC's huge waste disposal operations will be split up, ostensibly to the boroughs, but again the DoE will retain powers to compel administration of the service to their standards.

Some of the major arts and sports centres—the South Bank and the National Sports Centre at Crystal Palace among them—will also be transferred to government or quangos.

So "efficiency" savings are unlikely, and costs will anyway rise with start-up expenses, redundancy payments, unemployment benefit and so on. Meanwhile all power is taken by a government that currently believes that the GLC spends £300m too much.

This is the kernel of the Government's plans. Abolition is all of a piece with cuts elsewhere in the public sector and with privatisation. It is a part of a general strategy, not a reflex reaction to personalities.

For example, there will be a new fire quango, totally controlled by Government and so, presumably, constrained to achieve the cut of 20 per cent that Government wants the GLC to achieve. This would require 1,400 redundancies and reductions in the number of fire appliances.

On waste disposal the proposal is worse. The Government suggests that there should be 32 mini-disposal operations to replace today's single, highly efficient system. Administrative costs are bound to rise, while Government's largest expenditure level for this service requires a 30 per cent cut.

Break-up, "quangoisation" and the removal of democratic controls are devices to achieve major service cuts regardless of the wishes of Londoners, and regardless of the administrative expense and the confusion of the new system.

Mr Livingstone: "the case for abolition should be proved by its proposers"

Possible financial effects of transferring services from the GLC to London Boroughs

(Change from rateable value to population basis)

Effect of Transferring £100m of Expenditure

	Percentage change in domestic rate	Annual change in average rate bill £		Percentage change in domestic rate	Annual change in average rate bill £
City of London	−4.3	−26.47	Brent	+1.0	+ 6.23
Camden	−1.4	9.67	Bromley	+2.8	+10.43
Greenwich	+2.4	+10.97	Croydon	+1.6	+ 5.33
Hackney	+1.1	+ 5.48	Ealing	+1.8	+ 6.32
Hammersmith & Fulham	0.5	+ 2.06	Enfield	+2.0	+ 7.29
Islington	−0.1	− 0.57	Haringey	+1.4	+ 8.51
Kensington & Chelsea	−1.5	−10.74	Harrow	+2.05	+ 9.76
Lambeth	+0.7	+ 3.44	Havering	+3.0	+11.36
Lewisham	+2.7	+12.49	Hillingdon	+0.5	+ 1.82
Southwark	+0.2	+ 1.21	Hounslow	+0.7	+ 2.66
Tower Hamlets	−0.3	− 1.13	Kingston upon Thames	+1.7	+ 6.12
Wandsworth	+3.1	+10.24	Merton	+2.1	+ 8.25
Westminster, City of	−3.3	−22.48	Newham	+2.1	+ 8.40
Barking and Dagenham	+2.2	+ 6.53	Redbridge	+3.2	+11.59
Barnet	+1.6	+ 7.90	Richmond upon Thames	+1.8	+ 7.29
Bexley	+3.6	+12.04	Sutton	+2.65	+ 9.45
			Waltham Forest	+3.3	+12.96

The GLC and Westminster

CONTINUED FROM PREVIOUS PAGE

women, and other "fringe" activities and promotions in the form of new grant during 1982-1983 was around £5m or less than 0.5 per cent of gross revenue expenditure.

The other perception about the GLC is of a vast bureaucracy doing very little, a view heightened by the fact that it has very bureaucratic attitudes and does not appear to be doing very much. However an analysis by the GLC Comptroller of Finance, Mr Maurice Stonefrost, shows that only 7½ per cent of the 21,169 full time-equivalent employees on March 31 1983 were "administrative and managerial" and their costs represent only between 1 per cent and 2 per cent of total costs.

On average staff salaries and costs account for about 60 per cent of revenue costs in local government but at the GLC they account for only 16.5 per cent of this expenditure. More than 50 per cent of total GLC employee costs go on firemen and employees in public health and safety.

There is also a very complicated picture about taxation changes which masks the real figures about which expenditure has increased by what amount.

Between 1978-70 and 1983-84 central government receipts rose by 95 per cent—principally taxes on income up 86 per cent, ttaxes on expenditure up 103 per cent, total taxation up 94 per cent, national insurance etc, up 107 per cent. In the same period local authority rates grew by 125 per cent.

But in that period the Government cut its grant to local authorities in each successive year, distorting the perception of responsibility for increases in public spending and taxation. So central government's real spending rose 101 per cent in the period but was perceived (as taxation) to be up only 94 per cent. Local government real spending was up 80 per cent but perceived (as rates) to be up 125 per cent.

If the Government had not cut grant and subsidies to councils by some £3.6bn over the period income tax would have had to rise by about 4p in the pound, bringing income tax increases to 102 per cent in line with the Government's real spending increase.

During this period GLC spending rose by 88 per cent, much less than the Government's, and the grant distribution system meant that London ratepayers bore a disproportionate brunt of the £3.6bn grant loss—so much so, in fact, that during the past two years the grant-switching mechanism coupled with unrealistic expenditure targets, have meant that the GLC and its expensive education committee, the Inner London Education Authority, have received no grant at all.

The creation of a series of joint boards plus quangoes to administer strategic planning and run London's £2bn debt and £700m pension fund will not alter any of these facts. The abolition of the GLC does not represent a change of services to be provided or a fundamental restructuring of local government in the capital. The overall financial implications therefore remain.

Leaving a legacy to the region

Tyne and Wear

RHYS DAVID

IF THE metropolitan county of Tyne and Wear is abolished it will nevertheless leave behind a very visible monument, spread over a large part of the county as well as under it.

Though conceived long before the 1974 re-organisation of local government, the Tyne and Wear Metro was quickly seized upon by the new county authority as e powerful symbol for the region, and well worth fighting to preserve from the axe which the then government—under pressure from the IMF to make savings—wished to wield.

Here was a project which could help to bind the new county together, and create a sense of identity, which would generate news about, and interest in, the region, and in British transport engineering, and which, by projecting a go-ahead image, could assist in atracting new jobs.

Opened some two years ago, the project, Britain's only urban rail system this century, remains one of which the Tyneside community is enormously proud.

Answerable

The Metro, according to Jim Gardner, Tyne and Wear's chief executive, is the best thing the county has done, and transport, in general, an ideal illustration of the sort of service which is best provided by e county-wide authority directly answerable to the local electorate.

Economic development is another area where the county feels it has been able to play an essential co-ordinating role, eliminating some of the competition which would otherwise have taken place between the lower tier local anthorities in the area. Thus, in the struggle to win the "will they won't they" Nissan project, Tyne and Wear pooled the efforts of the county as a whole, and was eble to put forward a single submission offering an 800-acre site, formerly the Sunderland airport.

One of the first actions of the new county after its inception was to pilot through Parliament its own legislation, the Tyne and Wear Act, which has given it the power to provide a range of assistance to stimulate economic development. Under the legislation—which various other local authorities throughout the country have copied—the county has at one end of the scale provided the extra locentives which have encouraged major new employers such as Findus Foods to locate in the area. At the other end of the scale, it has set up a number of bodies aimed specifically et encouraging the growth of small business.

These, and similar activities aimed at improving the local environment, are, according to Jim Gardner, all examples of the county tier making valid use of its powers and resources to bring benefits to the region as e whole, a role which the various joint boards and other ad-hoc bodies now likely to take the place of the council will, be claims, find it much more difficult to fill.

"As an elected authority drawn from the area as a whole, the county can take an overall view when called upon to adjudicate between the claims of different parts of the region," Jim Gardner observes. Such impartiality is likely to be much more difficult for councillors delegated by their areas to serve on joint committees, and the result could be a thin spreading of resources over wide areas to satisfy all demands.

It could also prove more difficult, without the county tier to hold the ring, to avoid conflict between the districts over questions of land use or shopping provision. As the body responsible for the structure plan for the area, the county has been able to some extent to act as Solomon in deciding between rival claims—a role it bas also played on the various urban renewal bodies operating across the area.

Equally important, bowever, as the county's supporters see it, is the threat posed by abolition to tbe voice of the North East as a whole, already downgraded to some extent by the removal of some government regional offices to Leeds. Tyne & Wear is currently the biggest of the county authorities in the North East, and, as such, has often found itself playing a leading role in the organisations which put the region's case. These include the North of England Development Council, re-organised recently and brought more firmly under the control of the North East County Councils Association, another body Tyne and Wear has been active in sponsoring.

The county has also played e big part in helping to keep alive the Northern Regional strategy. The Government, originally a partner in drawing up the strategy has since withdrawn—in the view of some North East politicians because successive updating was showing how little progress was being made.

"The county has a certain amount of clout in talking to Government because it represents 1½m people. Newcastle, on its own, only speaks for 280,000" a leading county official notes. The present Government, committed as it is to exercising tighter control over local authorities, will not find it unwelcome to heve to deal with smeller and weaker euthorities, it is argued in the North East.

The first casualties of the more narrowly local approach likely to be adopted by the districts could be those existing county-wide services which by their nature are concentreted in the heart of the conurbation, and in particular the arts, Jim Gardner argues. The county has helped the Royal Shakespeare Company make regular visits to Newcastle (as well as subsidising the Empire Theatre in Sunderland)—a marginal activity, maybe, but important nevertheless, the county believes, to the image of a civilised region which it seeks to project to potential incomers.

Support

The question is whether the individual districts will all combine to give a similar level of support, and, if not, whether Newcastle on its own could shoulder these regional capital responsibilities. "In all sorts of ways the quality of life in the region is better than it would have been without the county," says Jim Gardner.

Yet, in spite of the case that can be made for its retention, the voices raised in support of the county, outside its own walls, are far from deafening. The local federation of old ege pensioners is worried, but its main concern is the possible scaling down by some of the districts of concessionary farea on public transport.

The Tyne & Wear districts are actively looking forward to the possible winding-up of the county, and heve, indeed, already met to consider how its functions might be assumed by themselves.

The Conservative group on the council is also supporting Government plens for abolition. George Smith, the Conservative leader, argues that the authority —Labour-controlled since its inception—has, like the other metropolitan counties, invited its own execution by irresponsible behaviour, and in particular over-spending.

Streamlined

It could, he claims, be run on much more streamlined lines, confining itself to hroad strategic functions. Instead, George Smith argues, it has mushroomed, getting itself involved in activities, such as its support for local theatres and fringe arts events, and subsidies for local ports, where it has no business. He is also critical of what he sees as duplication and conflict with the districts and other bodies. "We are building advance factories, and so are the districts. We are trying to promote the region and so is the NEDC."

Tyne and Wear, according to George Smith, will not be missed. "In three or four years' time we will be wondering what it did," be says.

The Northern CBI too has campaigned for abolition, arguing that this would bring considerable relief to over-burdened ratepayers.

This lack of support is one reason for a weary acceptance of the inevitable now detectable at the county's headquarters in a modern block to the north of Newcastle city centre, though this is coupled with the feeling that the system which the Government plans to usher in could itself prove to be wasteful, costly, inefficient, undemocratic and too fragmented to look after the interests of and press the case for one of Britain's poorest regions.

Certainly, the small aize of the districts on Tyne end Wear, ranging from 280,000 (Newcastle to 160,000 (S Tyneside) suggests they will be near the lower limit for viebility as unitary enthorities, and that o better system than that now proposed could, without too much difficulty, be thought up.

This could, for example, take the form of shire county status for Tyne and Wear — the local government system operating in the rest of England outside the metropolitan counties, covering conurbations such as Leicester, Nottingham and Bristol.

This, however, would mean increasing the powers of the county at the expense of the districts, the reverse of what is now planned. The other alternative, if the Government is determined to establish unitary authorities, would be to create perhaps just two powerful authorities in the existing county area, one for Tyneside, based on Newcastle and Gateshead, and one for Wearside hased on Sunderland.

The suspicion is that unless the Government is prepared to look at radical solutions of this sort when it prepares its legislation, another round of local government tinkering might be needed in another 10 years' time.

THE METROPOLITAN BOROUGHS

	Population	Rateable value 1982 (£)
GREATER MANCHESTER		
Bolton	260,200	28,253,919
Bury	175,400	19,325,865
Manchester	466,600	75,407,630
Oldham	223,400	23,336,947
Rochdale	207,555	21,260,374
Salford	246,400	32,083,726
Stockport	290,000	38,855,160
Tameside	217,708	21,836,986
Trafford	221,088	38,983,347
Wigan	308,700	21,409,059
MERSEYSIDE		
Knowsley	172,991	21,999,296
Liverpool	503,722	71,477,566
St Helens	192,100	22,963,029
Sefton	299,200	36,657,723
Wirral	352,003	42,471,602
SOUTH YORKSHIRE		
Barnsley	223,903	19,269,575
Doncaster	289,000	29,632,718
Rotherham	252,600	23,124,161
Sheffield	545,000	66,423,711
TYNE AND WEAR		
Gateshead	211,658	21,577,791
Newcastle upon Tyne	289,800	42,145,715
North Tyneside	196,242	21,000,145
South Tyneside	160,101	15,874,723
Sunderland	300,200	27,863,873
WEST MIDLANDS		
Birmingham	1,008,527	164,570,162
Coventry	310,200	44,540,891
Dudley	296,400	42,830,670
Sandwell	306,893	49,993,721
Solihull	199,261	29,400,000
Walsall	266,800	39,656,470
Wolverhampton	252,400	42,596,982
WEST YORKSHIRE		
Bradford	459,000	44,359,272
Calderdale	190,330	16,590,581
Kirklees	371,750	32,636,858
Leeds	704,885	89,390,358
Wakefield	311,787	33,118,477

Who does what in English local government

GLC/LONDON BOROUGHS

The local authorities in Greater London are the 32 borough councils, the Corporation of the City of London, and the GLC.

The Corporation of the City of London, and the London borough councils form the basic units and take care of the edministrative duties catered for elsewbere in the UK by district councils (ie local matters). The GLC (in the same way as county councils) concerns itself only with those services which require unified administration.

Thus, the GLC is the authority for all principal roeds in London (with the exception of trunk roads which are the responsibility of the Department of Transport). In Inner London education is the responsibility of the ILEA—a special independent committee of the GLC. In Outer London education is a function of the borough councils.

Housing is primarily the concern of the borough councils, but the GLC maintains a housing stock inherited from the London County Council which it replaced and has a strategic role in slum clearance, rehousing and overspill.

Consumer protection is a responsibility of the borough councils. The Metropolitan Police is responsible directly to the Home Office.

METROPOLITAN COUNTIES AND DISTRICTS

Under the 1974 re-organisation aix new "metropolitan counties" were set up to cater for large conurbations outside London. These are:

- Tyne and Wear: including Sunderland and Tyneside.
- West Midlands: including Birmingham, the Black Country and Coventry.
- Merseyside.
- Greater Manchester.
- West Yorkshire.
- South Yorkshire.

These six are further subdivided into 36 powerful metropolitan districts with populations generally in excess of 250,000.

NON METROPOLITAN (SHIRE) COUNTIES

These comprise the 47 county councils which are not part of Greater London or the six metropolitan counties. Three new counties were established where large-scale urban development cut across existing boundaries. These are: Avon, based on Bristol end Bath and the neighbouring areas of Gloucestershire and Somerset; Cleveland, centred on the former county borough of Teesside with Hartlepool and other parts of south east Durham and a small aree of north east Yorkshire; Humberside, including Hull and much of the East Riding of Yorkshire, Grimsby, Scunthorpe and adjoining areas of North Lincolnshire.

Otherwise, geographical counties have remained much as before, with the amalgamation of some of the smaller ones (for example, Rutland) into larger units. These counties were further divided into 333 non-metropolitan district councils. Functions were similarly divided.

FUNCTIONS

The basic aim of the 1974 re-organisation was to provide two tiers of local government, each of which had its own duties and was independent of the other. To make things easier the former arrangement of "delegation" and "claiming" was abolished, and legislation was provided to allow for simple "agreement" between local authorities on provision to be made for responsibilities.

Generally, functions which are essentially "local" (for example, local planning, housing, refuse collection, environmental health, cemetaries and crematoria) were ellotted to district councils everywhere.

Functions which need to be planned over substantial areas (for example, statutory structure planning, highways and traffic, fire, police, consumer protection end refuse collection) were allotted to county councils in both metropolitan and non-metropolitan areas.

Functions which, while not necessarily needing a large geographical area, need a large pay-load to permit economical employment of a range of specialist services/staff (for example, education, personal social services, libraries etc) were allocated to district councils in metropolitan areas and county councils elsewhere.

Services which may be provided on either a very local level or on a wider basis were allocated to both authorities (for example, museums, art galleries, leisure facilities). In these cases it has been for the authorities to decide between themselves the extent of the provision they should each make.

Research: Sue Hopkins

Little local support for survival battle

Greater Manchester

IAN HAMILTON FAZEY

OF ALL the metropolitan counties, Greater Manchester sprawls. With nearly 2.6m people it is only slightly smaller than the largest, West Midlands, but it occupies almost half as much land again, little of it countryside.

Unlike the West Midlands' situation, where there are 1m people in Birmingham, the City of Manchester has less than half that. The rest of Greater Manchester's population is spread throughout nine other smaller districts, each feunded on once-separate towns which have coalesced over time into a giant, urban area between the M6 and the Pennines.

Before tha Greater Manchester Council was born, any idea that there was anything like a single community had no credence at all. Mr Tony Harrison, the GMC's chief executive, says: "Tha big change we brought about was the registration of the identity of Greater Manchester. There was no real regional voice before 1974."

Indeed, there were 67 local authorities, each fighting its own corner in soma way or another. The most dramatic illustration of this is the £2bn-worth of highway schemes that the GMC inherited. It would have taken 150 years to carry them all out. The GMC sorted out the priorities—much to the annoyance of most of the district councils—and reduced the figure to a manageable and affordable £200m.

That single piece of rationalisation had an important side-effect: it de-blighted 20,000 properties in the region; the county's planners, fed up with being wrongly blamed in the public's mind for housing disasters, are understandably pleased about that.

Mr Harrison says that unlike South Yorkshire, which bas total support, Greater Manchester cannot count on any help from its district councils in its fight for survival. The districts want to go their own way, so much so that at least one is already planning to reinstate a pet road scheme axed by the county.

He predicts disaster if joint boards find themselves having to make unpopular strategic decisions. He says: "They would have to decide through consensus, which is at best slow and at worst impossible. The great merit of the present system is when it comes to everyone paying their share. The county's capacity to make decisions and mobilise resources is crucial."

He says this has led to the GMC's major achievements of establishing efficient county-wide services for police, fire, public transport, highways, traffic management, waste disposal, the arts, river valleys and the environment.

The last two are good illustrations ef the GMC's role. Previously, the river valleys—Mersey, Douglas, Croal-Irwell, Tame and Medlock — represented tha polluted, derelict backwash of the industrial revolution. They cross district boundaries and no one would take the responsibility of cleaning them up.

Improvement schemes

The GMC's programmes have seen £8m spent on improvement schemes to reclaim the river valleys and create country parks in a conurbation that is unusually short of greenery. Funds have come from many sources, including central government, the EEC and the Countryside Commission. Part of the county's precept on the districts now goes towards the valleys' £1m annual maintenance charges.

As Mr Don Burns, the county planning officer, puts it: "In the old days you couldn't see the water for the foam in many places. But there's no point in improving the Irwell in Salford if the muck is still going in upstream at Bolton."

Mr Burns says that any metropolitan county has two prime functions—drawing up a strategic plan and then implementing it. Before 1974 the districts bickered over a structure plan and he believes they will fail to agree again as representatives on joint boards fight to safeguard their own districts' interests.

He foresees free-for-alls, particularly in shopping and retail development where it is feared that unco-ordinated growth between districts will further damage inner, declining areas because there is no growth in either population or real spending power.

The ether likely difficult area is refuse disposal. "There are no votes in that," says council deputy leader Councillor Harry Davies, the chairman of the relevant committee. "No one wants someone else's rubbish. But it's no longer a matter of sending the dustcart down to the tip." Indeed, only one of Greater Manchester's 10 districts is self-sufficient in dumping rubbish. The rest rely on each other and in-fill sites outside the county.

Transportation too makes a nonsense of district boundaries, with nearly all journeys crossing at least one.

Mr Graham Kilner, assistant county engineer, says: "Transport is not a local matter. Traffic jams are no respecters of boundaries drawn on a map. That is why we have set up a computer-linked network of 750 sets of traffic lights covering eight of 10 districts. Who is going to run that?"

Another important question is who is going to run Manchester International Airport, now officially in the "international gateway" class? The GMC's fierce regionalism under both main parties about the airport—the Conservatives were in control in 1977-81—is supported by the other metropolitan counties and many of the shires.

Mr Harrison fears that the airport will now be "nationalised" by transfer to an antagonistic and remote British Airports Authority, thus weakening its case to handle more international scheduled services.

The GMC has worked hard and impressively to prova its case, and can also point to moderately successful attempts at industrial development, subsidised apprenticeships to help local companies keep up long term training, and £21m prised out of the EEC, partly by appointing its own lobbyist in Brussels.

Despite this, the county seems largely unloved, and not just by district councils which resent and covet its power, but also by industry and commerce. The last meeting of the regional council of the CBI voted unanimously for the GMC's abolition.

PROFILE: RAY O'BRIEN

A local bureaucrat who speaks his mind

Mr Ray O'Brien: not your standard local government officer

IF YOU want to get Ray O'Brien going, you can do worse than mention the name of Professor Patrick Minford, the philosopher king of monetarism whose base just happens to be at Liverpool University at the heart of Mr O'Brien's bailiwick.

"I met Patrick Minford at a Stock Exchange lunch," he recalls, "and he said to me: 'don't talk to me about social problems — I'm an economist.' The day he stands on a street corner in Toxteth and says that is the day I'll start listening."

Mr O'Brien, chief executive of Merseyside Council, is not your standard local government officer. He feels passionately about two things, that Merseyside needs and can respond to intensive care and that central government is systematically trying to neuter local government, which is the only way in practice such intensive care can be administered.

The two themes merge into one over the issue of abolishing the metropolitan counties and Mr O'Brien will be among the most formidable of the Government's opponents as the process gathers pace.

Born in Crosby of Irish Catholic stock and with an Oxford University training in law, Mr O'Brien has spent his life in local government, taking in Cheshire and Nottinghamshire before, in 1977, cheerfully taking a pay cut to get himself back to Merseyside.

A former rugby fly-half and devoted follower of Liverpool Football Club, Mr O'Brien says he was shocked to discover on his return the scale of the racial tension which had grown up in areas like Toxteth.

"I'd always thought Liverpool would escape that, because it has always been cosmopolitan. Ne one had really appreciated that the old Liverpool where everybody is a comedian had changed. There were black people who perceived themselves as very disadvantaged indeed."

Because he is so little the conventional bureaucrat, O'Brien likes nothing better than to introduce eentences with the phrase, "speaking as a bureaucrat," and he is scathing about the way that, in his opinion, government ministers have deliberately blackened the name of local government and its officers.

He vows, however, that he will get one back on behalf of the bureaucracy when he leaves local government, as he says he will in three years time at the age of 50. By then, he argues, it will be time for a change.

What will he do? "Something entrepreneurial," he says, not least because he'd like to add the evidence of his own career in contradiction of what he calls the Sir John Hoskins proposition "that all businessmen are clever and all bureaucrats are thick."

A county with government a-plenty

Merseyside

IAN HARGREAVES

WHATEVER ELSE it may have lacked in recent years, Merseyside has not been short of government.

Apart from its five district councils and the Merseyside County Council, the area has a Development Corporation, a Government "partnership" scheme, is an assisted area under the regional programme and even, for a while, had its own "Minister for Merseyside."

It has several private sector enterprise trusts, a Government enterprise zone and just outside the county boundaries new towns a-plenty. Its affairs have also been investigated by a special committee of the House of Commons.

None of these efforts has succeeded in turning the tide in the area's economic fortunes. Over 140,000 people are out of work on Merseyside, half of them aged between 19 and 34—more jobless people than in the whole of Wales. The unemployment rate is almost 19 per cent. Nabisco, United Biscuits, Schweppes, Kraft, Barker and Dobson, and Liverpool Central Oil are but the latest names in a depressing roll call of cutbacks and closures.

This dismal economic backcloth is, say the officers and members of the Merseyside County Council, ene of the most important reasons why the anthority should not be abolished. "The county is probably the only anthority on Merseyside to have really done something about the economy," says Counciller Albert Birch, a leng-standing Conservative member. "I'm totally against abolition."

"You look at all those other special funds that have come into Merseyside," says Mr Ray O'Brien, the county'a chief executive. "They all carry with them the fact that central government makes the decisions. It is taking the power to Whitehall."

The council's spending on economic development—limited by statute to the product of a 2p rate—is, of course, only a tiny part of its activity representing £2.3m eut of a total revenne expenditure of £206m last year. But it is tha type of activity central to the conflict of views in the debate about metropolitan counties. The Government sees this type of work as empire building by authorities in search of a purpose. Its backers see it as an essential force for leadership and regeneration.

According to Mr Jack Stopforth, who runs Mercedo (Merseyside County Economic Development Office), the average cost of the 7,500 jobs Mercedo's grant scheme has so far helped create is only £655, which compares well with the cost-benefit performance of, for example, the Government's regional aid programme, where cost per job has reached about £45,000.

Open support

Likewise, the Government's ministerial task force, still active under Mr Patrick Jenkin, the Secretary of State, although with a lower public profile than under Mr Michael Heseltine, "doesn't actually do anything," Mr Stopforth says.

Mercedo, whose marketing, counselling and industrial liaison work is carried out in conjunction with a wide variety of private sector bodies, such as the well-known Community of St Helens Trust, can also point to strong and open support from the Merseyside Chamber of Commerce whose leaders, unlike those in a number of other metropolitan counties, have emerged as vocal opponents of the Government's abolition plans.

So far as Mr O'Brien is concerned, the economic development work is part of his own vision of what local government is abont—"trying to deliver something which isn't there already." Into the same category fall the council's efforts to develop tourism through an active role in developing the local Beatles industry and saving Aintree race course.

Whether the authority's undoubted vigour also reflects in a high degree of financial efficiency is harder to determine. With a rateable value per head (£103.42) second only to the West Midlands, Mersyside has tended to appear at the higher end of the expenditure per head figures collected by CIPFA. Last year's revenue spend was up 16.4 per cent on the year before and the council, judged by the Government's yardstick to be an overspender, suffered a grant penalty of £5.5m.

Mr O'Brien's general defence of these figures is that the bulk of the council's spending (41 per cent in 1982-83) is en police and fire services, where wages have been rising faster than inflation because of government policy.

He also argues that Merseyside can justify higher than average spending on police because it has more crime (92 serious offences a year per 1,000 population, compared with an average of 78 in the metropolitan counties overall) and on fire because it has mere houses in designated high risk fire areas and so on.

On the other hand, it is true that much the sharpest increase in spending in 1982-83 was for pnblic transport, whose cost rose by over 22 per cent as a result of the left-led Labour council's cheap fares policy. Public transport accounts for 21 per cent of spending.

It is also the case that the council has enjoyed a rapid growth in the number of its central services staff, starting out with 372 in 1975, rising to 479 in 1983—a 28 per cent increase. Most of the extra were secretaries or computer staff, the latter swollen as agency contract work was taken in-house. In the last five years, the size of the staff has not changed significantly.

The politics of the abolition debate on Merseyside are widely polarised. Sefton District Council (a district which includes the resort town, Southport), Conservative-led, has attempted for the last 10 years to behave as if the county council did not exist anyway, refusing co-operation in joint activities.

Not surprisingly, it is leading the argument for abolition now. In the opinion of Sefton's leaders, county functions should simply be returned to district level, which is not, of course, what the Government is proposing.

Liverpool City Council, now under far left Labour leadership, but a hung council which for several years was Liberal-led, is also a traditional enemy of the county council, although under its new political colour it has become much more sympathetic. Wirral District Council, another Conservative-dominated authority, is also openly anti-county, although its opposition is less full-blooded than that of Sefton and seems in large measure to be a response to a desire by the people of Wirral to return nominally to Cheshire, whence they came in 1974.

Within the county council itself, there is a strong body of Tory opinion against abolition. The Tories make much of the argument that with Liverpool City Council in a state of permanent political uncertainty, the stablising factor of the county council is essential.

Adversity unites rival districts

West Midlands

ARTHUR SMITH

THE ROW over what follows the county council is particularly poignant in the West Midlands. Here is a part of the country—not sure whether it yet has a regional identity—that is feeling its way towards a common approach to the traumas of rapid economic decline.

The whole thrust of the Government white paper is against the strategic role of the county councils. Yet, in the West Midlands, there is an emerging consensus that more must be done to get the fiercely independent districts of the region to pull together for the benefit of the area as a whole: postures struck in times of prosperity change swiftly in times of adversity.

The district and county councils across the economic region, prodded by the business community — particularly the Confederation of British Industry—have already joined forces to set up a West Midlands Industrial Development Association. The aim is to attract inward investment and a chief executive is soon to be appointed.

Perhaps more significant in the local debate about what replaces the county council, is the idea being investigated by the West Midlands office of the CBI that a development corporation should be formed similar to those already operating in Scotland and Wales.

The CBI, in a discussion paper approved by the regional council, seems to strike at the heart of the issue of the proposed changes in local government to the extent they affect economic initiatives. Identifying the demise of the county council as something of a political vacuum, the CBI argues strongly for devolving as much administrative power as possible from Whitehall to a new regional agency.

With the loss of the strategic planning functions of the county council, such an agency could ensure liaison between not only the district but also the shire councils.

The CBI's case, though directed principally towards the Government review of regional policy, a White Paper on which is likely before the end of the year, links the two arguments by pressing for greater co-ordination of central Government programmes through a regional body able to judge the local needs of where individual assistance should be given.

The strategic arguments for the council are stressed by the chief executive, Mr Derrick Hender. A conurbation, dominated by Birmingham but flanked by strong authorities such as Coventry, Solihull and Sandwell needs an overall view, he claims.

Mr Hender cites the Black Country Route, a much-publicised privately-funded proposed motorway, as an example of how the county council is able to take a more balanced strategic view. The county council is behind a consortium, backed by Tarmac, to build a £30m seven-mile-long dual-carriageway to open up for development a wide area of the Black Country.

Strategic planning

He is afraid that the role of strategic planning will simply "revert to Five Ways," the Birmingham headquarters of the regional office of the Department of the Environment. The whole exercise, he suggests, will merely result in highly-qualified people switching employment from the county to their local district council or to central government.

Mr Hender concedes there will be casualties among chief officers. But, he is highly sceptical about government claims of manpower savings. He thinks that most of the 16,000-plus employees of the West Midlands Council will merely find their salary cheques come from a different address.

He challenges: "In terms of efficiency I would put local government people up against central government any day of the week." He goes on: "I don't want to bang any drums but the whole style of government is becoming too centralised."

He argues that in 40 years of working in local government there has always been "a sense of tension" between central and local administrations — "the checks and balances that make local democracy work."

That is an argument taken up not only by the controlling Labour group but echoed also by Mr Alan Hope, leader of the Conservative opposition. He is particularly outspoken about the proposed joint boards to administer the police, fire and passenger transport functions: "I believe fervently in local government. These boards will be totally undemocratic—they will be the beginning of the death of local democracy."

He says it is wrong to argue against the will of the electorate expressed in the recent general election that the metropolitan councils must go. But argues the recent White Paper raises more questions than it answers.

Mr Hope says: "In the real world of politics, the joint boards will become a battlefield." He is cynical about all the talk in the White Paper about "co-operation" between authorities. "On the joint board, out of the 27 seats 10 will go to Birmingham. Regardless of party, that is big brother talking."

Mr Hope puts the issue of the conflicting interests succinctly: "You could not ask a board made up of seven West Midlands district councils to take a decision to agree on what day of the week it was."

But Mr Kevin Hawkins, West Midlands director of the CBI, takes a more optimistic view: "The metropolitan districts know they are on trial. The last thing we want is a return to parish pump politics and local feuding"

He maintains there is "a fighting chance sense will prevail," and the districts will co-operate to prove money can be saved. Important to the business community, which has been united in its opposition to the county council, will be the attitude of the district authorities towards co-ordinating economic initiatives

The West Midlands county council, where after all more than 80 per cent of employees are engaged in fairly non-political law and order, and emergency, services, has seen the economic sector as an important area in which to expand activities.

Mr Terry Pitt, a former chief of the Labour Party research department and special adviser to the Wilson Government, was recruited to head-up a high-powered economic development unit. Mr Geoff Edge, a junior minister in the Callaghan administration, chairs the Enterprise Board.

But, for all the effort the tangible results remain limited. The whole operation, to achieve credibility within the business community, had to contend with the basic prejudice against both the upper tier county and "a Socialist administration." Early investments in the traditional foundry sector and the Meriden Motorcycle Co-operative, now in receivership, have not helped.

But Mr Hawkins of the CBI says it is too early to judge the effectiveness of the enterprise board—a view, needless to say, endorsed by its chief executive, Mr Norman Holmes.

He insists the board, which has invested £4.5m in 15 companies employing 2,000 people is now beginning to get off the ground. Recent investments have tended to be not in traditional West Midland trades but in more consumer-orientated companies.

Mr Holmes claims "a vote of confidence from the market place" to the extent that a development capital fund of £4.5m has been launched of which seven pension funds have put up half the money. The board identifies and evaluates projects and the institutions have a right of veto.

Mr Holmes argues that the enterprise board, if it can prove success in its investment, will survive the demise of the county council. The board was meeting a requirement from medium sized companies for funds and could be investing at the rate of around £10m a year.

Whether or not there was a county council, rate funds—£8.5m in the first two years to March 1984—would not be enough. "We need to be able to attract the confidence of the private sector. Like any business we will survive according to whether we make the right investments."

PROFILE: DERRICK HENDER

'We will pay more'

DERRICK HENDER might be chief executive of West Midlands county council, but he says there is nothing in it for him in defending its right to survive. He reaches normal retirement age in 1986 after a lifetime in local government.

A chartered accountant, quietly-spoken but still with the slight trace of his native Norfolk burr, he claims the West Midlands as his home and will spend his retirement in Birmingham.

Will he be able to afford the rate demands? "I think so," he smiles. "But come 1986 I honestly believe ratepayers will pay more and receive less."

He professes to be "not personally offended" by the drive to get rid of the county council. "When the issue is put as: 'Isn't the second tier of local government expensive? Let's get rid of it,' everyone will say yes. The problem is what to put in its place."

The West Midlands County Council, currently spending more than £450m a year and with a staff of 16,000, is very much Mr Hender's creation.

He remembers his first day back in 1973. Then he was the solitary member of staff and operating from purely temporary accommodation. He argues the Government is turning its back on what has been done over the ensuing years—"achievements which in many areas would not have come about but for the dynamism, influence, resources and strategic perspective of the county council."

Mr Hender points in particular to development of a £60m new airport terminal, including MAGLEV, a pioneering new transport system; reclamation of 1,100 acres of derelict land; the integration of bus and rail services across the county, and the creation of the Enterprise Board.

"It is my belief that if the county council is abolished in 1986 the opportunity and thrust for such substantial achievements will have been destroyed."

Derrick Hender: "not offended"

Fares rows mask the successes

Transport

HAZEL DUFFY

TRANSPORT IS one of the most visible functions for which the metropolitan counties have responsibility, and one in which they believe they have demonstrated a high degree of success.

The Government, however, views the actions of some of the counties in subsidising their public transport very heavily—notably South Yorkshire—as an unnecessary assault on the pockets of the ratepayers, and particularly some commercial ratepayers who have complained bitterly about the cost.

It is unfortunate in many respects that the fares issue—which became a national debating point only when Mr Ken Livingstone, leader of the Greater London Council, cut London fares—has obscured some of the successes that have undoubtedly been achieved in the transport field in the big conurbations.

Since 1974, the counties have been the designated Passenger Transport Authorities, with responsibility for public transport, highways (other than trunk roads), and traffic management in their areas. The public transport operating functions are carried out by the Passenger Transport Executives on behalf of the PTAs.

Central government funding, and hence a degree of authority over the PTAs, is exercised through the Transport Supplementary Grant (TSG) as well as through Rate Support Grant (RSG), whereby the PTAs submit their transport expenditure plans to government annually. The Government decides on the level of accepted expenditure, and awards the TSG accordingly. The mechanism applies to the shire counties as well as the metropolitan counties.

Criticism of the mechanism as far as Government is concerned has centred around the arbitrariness with which the PTAs can make decisions on actual expenditure and the lack of control over the amount by which the PTAs decide to subsidise public transport from the rates, other than the blanket sanction of reduction of block grant. A common complaint by the PTAs, on the other hand, is that the annual requirement of submission of transport plans and award of grants makes long-term planning difficult.

The control by the counties over rate support for transport has already been the subject of an attempt by government to limit their power. The 1983 Transport Act introduced the concept of protected expenditure levels for the six metropolitan counties after a number of legal actions had failed to clarify the issue of the amount by which they could legally subsidise fares.

The Act also attempted to shift some of the balance of responsibility for transport planning from the PTAs to the PTEs—requiring the latter to publish three-year plans—and making it requisite on the PTEs to go out to competitive private tendering for certain, mostly unspecified, services.

Progress

The Government says in its recently published consultation paper on the re-organisation of public transport following the abolition of the metropolitan counties that it intends these arrangements to be strengthened.

Government dislike for the subsidy policies of some of the metropolitan counties is evident. But it admits that the counties have made some progress in the difficult area of providing a properly integrated and efficient system of public transport.

Integration, at some cost, has been achieved most notably in Tyne and Wear, where the Metro rapid transport system links in with bus and British Rail services in the area. The Metro is visited by transport planners from all over the world, and Tyne and Wear's public transport system is Britain's most prestigious transport shop window.

In a different way, South Yorkshire's cheap bus fares are also the subject of intense interest from transport planners around the world. The fares have not been increased since 1975, a policy of gradual fares reduction which South Yorkshire's politicians believe to have been much more effective than the big cut introduced on London Transport by the GLC, which led to it being challenged in the High Court, the subsequent increase in fares, and now the more moderate fare zoning system.

Public transport in Britain is an extremely difficult area in which to be judged successful. The trend is uniformly away from public transport in favour of the private car, although cheap fare schemes and promotions have temporarily arrested this trend in some areas.

The politicians in the metropolitan counties believe, with some justification that they have improved the public transport image in their areas, attracting not only those people who have no alternative means of travel—those without cars, housewives, the young and the elderly—but also those who are choosing to use public transport.

It is difficult to pronounce on the degree of efficiency they bring to public transport in their areas. A recent Monopolies Commission report on four "local" bus services drew attention to the difficulties inherent in any such study—"there are many different measures of efficiency and there is no single agreed measure of performance for purposes of overall comparison."

The future of the PTEs under the proposed new structure of PTAs has not been spelled out by the Government. It is known, however, that there will be every encouragement to break down operations into smaller managerial units and possibly contract out for operational services with the private sector.

The PTEs themselves, set up in 1968, have complained privately about the political content of the present structure, although relations between the PTAs and PTEs have not all been bad.

The solution finally decided upon by the Government is likely to recognise the achievements in part, but the political reshaping may well sacrifice some of the good that has been done.

Pioneers in cheap public transport

South Yorkshire

IAN HAMILTON FAZEY

WHEN SHEFFIELD, Barnsley, Rotherham and Doncaster were lumped together into e new metropolitan county called South Yorkshire, even the Conservatives admitted they were unlikely ever to be in control.

Sheer demography promised permanent Labour rule for the county and the four district councils that were based on the old boroughs: that is the way it has remained.

This security of office led some Labour councillors to joke about it. Thus was born the "Socialist Republic of South Yorkshire," e title conference delegates from the county had printed on badges to proclaim their origins.

Political opponents seized on it, the name became symbolic, and some people in South Yorkshire are e little rueful about it these days.

'Meant as a joke'

As a spokesman in the county hall at Barnsley puts it: "No one foresaw the future bebavioural pattern of the GLC and Ken Livingstone. This helped to turn thet title into something that can be very embarrassing. We always try to stress that it was meant as a joke. People say it makes it much more difficult to attract industry."

To the county council's opponents, however, never beve truer words been spoken in jest: tbey contend that South Yorkshire is run by spendthrift socialist planners.

Mr John Hambidge, chief executive of Sheffield Chamber of Commerce, says that permanent Labour control of the region puts its industry under nnremitting pressure, with no prospect of council dictates ever being reversed, rather like suffering discrimination through being e member of a permanent minority.

He says: "The root of the problem in South Yorkshire is that industry and commerce is powerless in the middle of all this political feuding between national and local government. All we are required to do is pick up the bill at the end of the day."

The four chambere of commerce in the county—one in each district—have therefore been the leading proponents of South Yorkshire'e abolition.

The chambers used to meet county leaders regularly to put their views but meetings stopped when the business leaders were told that the most contentious subject—the county's subsidy of fares to provide cheap public transport—was to be exclnded from future agenda: the council would not be persuaded from its policy.

Why this issue arouses such passions is obvious when South Yorkshire's public transport subsidy is compared with those of the other metropolitan counties. In 1983-84 it will be the highest in total—£58.5m.

The biggest metropolitan county, Greater Manchester, has twice as many peoplo as South Yorkshire's 1.3m and will spend only £45.9m.

Indeed, on a cost-per-head basis the contrast is even more telling: South Yorkshire tops the league at £44.57 per head per year, well up on Merseyside's £33.96, West Yorkshire's £20.76, Manchester's £17.69, Tyne and Wear's £16.06 and the West Midlands' £10.80. Even the GLC spends only £33.13.

This, however, overlooks one important fact. South Yorkshire is not a conurbation in the way that the others are, for while Sheffield and Rotherham coalesce into e large urban complex of 790,000 people, Barnsley and Doncaster stand almost in islands of greenery to the north and north-east.

Indeed, the county's area is only 2,000 hectares smaller than the GLC's and, while West Yorkshire is bigger, it has 2m people and a much more populous central conurbation.

Conseqoently, South Yorkshire's policy—of trying to cope with recession by increasing mobility among the workforce and widening each district's potential travel-to-work area—is bound to be expensive because the distances between urban clusters are relatively greater.

There is a side benefit: wider mobility of people helps to bind the towns together socially. It is the creation of this identity for the area thet the county sees as one of the most important things in its favour, for it is now the embodiment of South Yorkshire's community of interest. How else but through centralised policies and the consequent economies of scale could the scattered, economically declining communities pull together te drag themselves back towards growth?

Narrow base

The county's traditional, narrow industrial base—coal in the north and steel in the south—is not likely te provide new jobs. Steel has fared appallingly in the recession and although 10 per cent of coal prodoced in the EEC comes from South Yorkshire, productivity improvements mean that it comes increasingly from modern pits employing fewer people.

The county and its supporters say that the fight against the conseqoent dereliction and decline is best left with local people with a regional perspective: it cannot be managed satisfactorily by smaller local government units or a remote Whitehall.

As the spokesman puts it: "The county brought together disparate communities that were declining fast to become a very deprived part of the industrial North. It took us five years to get working and the next five years to start getting to grips with things. Wo are now getting into our stride. The set-up may not be perfect but it works."

The achievements claimed by the county include South Yorkshire being taken seriously by the EEC Commission—Brussels money is going into the development of the canal linking Rotherham with the Humber to enable it to take 800-tonne vessels, for example.

Officials also point to widespread, co-ordinated reclamation programmes and the attempt to halt the decline of the Dearne Valley—between Barnsley and Doncaster—which was becoming an industrial wasteland.

Like the other metropolitan counties, South Yorkshire has taken advantage of economies of scale to rationaliso police, fire and waste disposal services. It has spent money on recreation and the arts that has brought the Royal Ballet, the English National Opera and the Royal Shakespeare Company to the county.

Savings, it claims, will be minimal, if the county goes, because nearly all jobs are functional, such as in the police service, and will still have to be done and paid for. What will disappear will be subsidies to the arts—and hence, the arts.

But with unemployment bumping along the bottom et about 16 per cent, is not the acid test bow well the county has done in reducing that by its strategy of widening the economic base?

The county's spokesman says: "Well, we've had the recession, so it's difficult to judge the impact. We can certainly claim that we have been getting things right for when there is an upturn. And we have eased the lot of the people.

"We haven't got them jobs, but we have got them easier transport for better mobility. If we hadn't been here things would have been very much worse. Abolishing us is not going to make them better."

New light on the lamp-posts' count

IN SOUTH YORKSHIRE politicians and county officials are still smarting over a Conservative allegation at the General Election to support the claim that the metropolitan counties are "wasteful and extravagant."

The allegation was that South Yorkshire had wasted ratepayers' money by taking a score of people off the dole to count the county's lamp-posts. It was contained in briefing material sent to Conservative candidates.

A county spokesman says: "It is true thet we gave temporary employment to people to count lamp-posts. We called it an inventory of street furniture and we had a very sound reason for doing it.

"It was not only to gather data so that we could use our computer to plan more efficient maintenance—for which you need to know exactly bow many of what type of lamp-posts you have and where. We also wanted to check our electricity bill.

"How much you pay is based on the number of lamp-posts you have and we had never had the manpower to make an eccurate count before. The money spent on the inventory was recouped within e year and, of course, those savings are continuing."

What really annoys South Yorkshire, however, is not that the allegation told only half the story, but that it also overlooked a possibly more important fact: the project was paid for by the Manpower Services Commission, which also provided the labour, so the Government itself approved and financed it from the outset.

Cries of "foul" do not end there: another Conservative attack on the metropolitan counties suggested wasteful extravagance in Manchester housing policies. Since it is the district councils, not the metropolitan counties, which are in charge of housing, Greater Manchester Council regards that allegation as a blow below the belt too.

'Only now is the organisation starting to move into gear'

West Yorkshire

IAN HARGREAVES

THE OFFICIAL guide to the metropolitan county of West Yorkshire, a thick, business-like publication stuffed with advertisements by companies with names like Kirklees Axles and Redfearns Wire Products, begins its opening chapter under the beading: "The new county of West Yorkshire."

"Up here, the old county boroughs are still not reconciled to having their wider boundaries. Leeds is etill trying to get rid of Wetherby," says Councillor John Gunnell, leader of the county council. "It was difficult for us to creato an image as a county council because people remember the old West Riding County Council, which was a much larger authority. But I believe we bave succeeded."

Mr Rodney Brooke, West Yorkshire's chief executive, echoes Mr Gunnell's frustration at the threat of change so early in the life of the county authority. "The organisation is only really now starting to move into gear. In my view, to consider any change in local government structure, particularly change of an ad hoc kind, is wrong."

Mr Brooke argues that the authority is just entering a third five-year phase; what he calls the "managerial phase" in which tasks like computerising the accounts can be undertaken, and advantage taken in policy terms of the links painstakingly built between the council and its communities clustered around the cities of Leeds, Bradford, Wakefield, Huddersfield, Dewsbury and Halifax. Instead, notes Mr Gunnell, he has just taken out of the estimates a figure to replace county hall's faltering central heating boiler. "It is very difficult to enthuse staff in the face of these things," says Mr Brooke.

Diverse resources

The first two phases in the county's life, according to Mr Brooke's account, involved first cataloguing the diverse resources of the 55 local authorities which came together to form the county and dealing with the existence of 30 different staff bonus schemes. "We have still got 1,800 properties uninspected and some are still being notified to us, even now," he says.

Phase two involved rationalising these resources. Fourteen bus workshops became two; police and fire services got a single beadquarters and command centre each. Now, says Mr Brooke, he is raring "really to attack the management of tho operation and to get more value for money."

He is convinced that abolishing the metropolitan counties will, like the 1973 re-organisation, involve enormous transitional costs and substantial permanent extra costs.

These, according to a county study which has formed the basis of the met counties' case on the costs question so far, suggest that abolition will produce an extra £8.1m in annual costs and between £20m and £30m in other costs, the largest component of which would be in staff severance payments. The Government sent three officials from Whitehall to vet West Yorkshire'e figures, but they were not able to discover any exaggerations.

"What will happen," says Mr Gunnell, who like Mr Brooke is a leading figure in the campaign against abolition, "is that Patrick Jenkin will be committed to find savings, so he will find them by reducing transport subsidies, which will mean higher fares and a cut in services."

West Yorkshire's style, like that of its leaders, is unflamboyant and cautious compared with some of the other metropolitan counties. Although it suffered a small rate support grant penalty this year, current expenditure at £217m will be virtually unchanged from 1982-1983. Central services staff now number 7,340, down from 8,522 in 1975—a trend counter to that in a number of other authorities.

Partly this is a question of politics in that the Labour leadership of the anthority is less far to the left than in neighbouring South Yorkshire and bas, for example, pursued a much less expensive course in subsidising public transport. Partly it reflects the character of the county and the individuals who lead it.

There is, for example, a strong note of caution in the way the council has set up its own enterprise board, on the model of those in London and the West Midlands. It has, says Mr Gunnell, handed executive control to professional investment managers and followed their advice so far, one aspect of which has been to restrict the maximum investment in any company to £300,000 and to not more than one third of the capital required.

'Board too cautious'

The board claims to have saved or created 600 jobs so far. Critics say the board has been excessively cautious—an accusation levelled at the council on e number of issues, especially by Labour councillors in some of the metropolitan districts.

A degree of political restraint also arises from the fact that the largest district in West Yorkshire, Leeds, has shown little enthusiasm for the county and many in the ruling Labour group hanker after the days when Leeds ran most of its own services. "The leaders would be glad to see us go," says Mr Gunnell.

Another, local argument against abolition in the Gunnell-Brooke analysis is that the county performs an equalising action in favour of the declining wool towns of the east of West Yorkshire and the wealthier territory of Leeds, Wetherby, Pontefract and Wakefield in the east.

County planning powers, says Mr Brooke, are vital to ensure that all the area's major shopping development is not confined to Leeds. The county also acts as a planning arbiter in mundane but sensitive questions of greenbelt planning application, sites for aggregate extraction and tip locations.

The battle goes on over accountability

Police

IAN HARGREAVES

THE LATEST reorganisation of local government comes at a tricky time for Britain's police forces, which are still, in varying ways and at varying psces, obsorbed with the sea-change in policing philosopby which began in the tate 1970s, and which captured public ottention after the Scarman Raport on the 1981 riots.

The outstanding theme of this debate has concerned potice accountability to the public, under the catchphrase "policing by consent."

As police manpower in most forces rose towards authorised establishmeot levels — helped by the police pay policy of the first Thatcher administration — chief constables came under increasing pressure to put more men on the beat. Some chief constables responded by embracing this as an opportunity for a new form of "community policing"; others saw it as a renewed emphasis upoo "groundcover" which coostrained budgets had made impossible in earlier years.

The police authorities in the six metropolitan counties were always bound to be important participants in these cbanges since they cover the areas of Britain with the highest levels of crime and the highest levels of social stress. In attempting to increase the scope of their activities, they were responding not only to changed public perceptions about the police, but to a change in Government policy.

As Mr Whitelaw, now Viscount Whitelaw, pot it in 1980, during his term as Home Secretary: "Police authorities sbould see themselves not just as providers of resources but as a means whereby the chief constable can give account of his policing policy to the democratically elected representatives of the comunity and, in turn, they can express to him the views of the community on these policies."

After the riots and Lord Scarman's criticism of poor police-community relations efforts, the pressure increased further and the Home Office instructed chief constables to set np an additional tier of contact with the public in the form of police-community liaison committees.

It is as unfortunate as it was inevitable that It sbould be the public disagreements and tensions over this poticy of more open police government whicb should have attracted most ottention since 1980.

Both the Greater Manchester and Merseyside police authorities have had bad-tempered brushes with their chief constables over the aftermath of the riots, the provision to their forces of anti-riot equipment, sucb as plastic bullets and CS gas and, in the case of the Manchester force, over the use of armed units in specific operations.

Temperatures have also run high in London, where the Left-wing GLC bas fought a bard campaign to replace the Home Secretary as police authority for the Metropolitan Police. Several Labour-led London boroughs, supporting the GLC line, bave refused to set up police-community liaison committees, arguing thst they want instead their own fully-fledged police authorities, with control over budget and a say in operational procedures.

Although this campaign bas been unsuccessful—indeed its vigour bas without mucb doubt contributed to the disfavour with which the Government views the GLC—it did succeed in pushing the Labour Party to a firm commitment to take the metropolitan police out of the Home Secretary's bands at the earliest opportunity.

Beyond these beadlines, bowever, there have been widespread changes. A good example is West Yorkshire wbere in June the new chief constable, Mr Colin Sampson, publisbed o detailed statement on strategy for the county's police committee, ond opened up a period of detailed consultation about its contents.

The report says that "proper consultation at all levels" is essential and goes on to suggest increased foot potrols, more crime prevention work, more focus on the crimes which affect most people, such as burglary, and instructions to traffic officers to deal with all but the more serious offences by advice and guidance.

Viscount Whitelaw, former Home Secretary: be believes police authorities should be used as a forum for communication

Mrs Margaret Simey, who chairs the Mersey Police Authority: "There has to be political control"

Mr Sampson also wants to train his men to communicate bettar and to set up "police shops" in urban centres where there is no administrative police centre.

Mrs Margaret Simey, who chairs the Merseysida Police Authority, argues that her committee has only brushed so badly with Mr Kenneth Oxford, the chief constable, because it has tried to exercise its powers in the way suggested by Government. "We are trying to get value for money. The police are not at all cost-conscious, you know. There bas to be political control," she says. The police account for almost one third of Merseyside's current spending.

Control lost

Mr Sidney Moss, a Conservative council member, who was chairman of the Merseyside Police Authority before his party lost political control in 1981, is a committed anti-abolitionist so far as the county council is conceroed, but like many Conservatives would prefer to see a less openly political aspect to the police committee.

It may turn out that Mr Moss will get what be wants in the sense that the role of the non-political members of police authorities—the magistrates—is bound to be strengthened under the indirectly elected police boards proposed by the Government.

Under the present system, county police committees consist of one third magistrates and two thirds county councillors, but in several cases, including Merseyside, the ruling party has used its strength to nominate sufficient of its own members to the police committee to ootvote the combined weight of the magistrates and the Conservative opposition.

Although the composition of the new police boards is technically the same as the existing police committees—one third/two thirds—the process of nomination via the district councils looks likely to produce a majority for any Tory-magistrate voting alliance, at least in the four counties whicb traditionally change hands at elections; Merseyside, West Midlands, West Yorkshire and Greater Manchester.

Giveo the strength of feeling on police questions, this could become an emotive issue.

The police view of all these questions remains somewhat obscure since the various associations and certainly individual chief constables are taking the view that they should remain silent on an essentialty political matter.

In practice, their views vary considerably. Some chief constables would be deligbted to see their rumbustious Labour-controlled police committees neutered aod bave no doubt said so privstely in the right qnarters. Others feel the tender plant of greater accountability will suffer unnecessarily os o result of the re-organisation.

About one thing, bowever, police opinion is probably unanimous; tbat is relief that the reorganisation will not this time Involve another disruptive ebange in boundaries.

John Gunnell, West Yorks leader, argues the counties' case

Why an inquiry is essential

"I AM a Tory. I have always believed that the burden of proof is upon those who advocate change. Without satisfactory proof, there should be no ehange."

Last week in Blackpool Patrick Jenkin used those words to justify to his audience the government obandonment of the search for an alternative to the rating system. He went on to make clear that the proposals to abolisb the GLC and the metropolitan county councils was the alternative the goveroment were offering as atonement for retaining the rates.

"A wholly unnecessary tier of government," be declared. "There is almost nothing that these bodies do that cannot be done better by the boroughs and districts acting individually or joiotly." "The worst overspenders," "mostly Marxist-led," be sdded to his listeners' delight. But what of the burden of proof?

Curiously the White Paper provides evidence that metropolitan county councils are needed by showing the complexity and confusion which will result from replacing a single political and administrative unit with up to five quangos, 12 joint committees, together with the involvement of four government departments, up to 10 district councils and the neighbouring shire counties.

In this debate the rules are different—responsibilities for providing the burden of proof has shifted to those who do not want change.

The preseot structure of local governmeot io metropolitan areas has been in operation less than 10 years. These years have increasingly become ooes of recession and the pursuit of economy. Efficieocy and effectiveness in tbe delivery of services is now a priority for all local authorities.

In direct opposition to the charge that metropolitan counties are wasteful and unnecessary, I would argue that they bave some remarkable ochlevements for their age and tbat they are already showing their potential in a cost-effective way. Indeed, as the experience of other western democracies shows, the existence of o strategic metropolitao-wide anthority is essential for the efficient provision of land-use planning, transport and public protection services.

First, however, the label of "overspenders" must be analysed. Tbe six metropolitan counties were responsible for 9 per cent (£72m) of the 1983-84 so called overspending but collected 24 per cent (£67m) of the grant penalties Imposed. That, in Itself, is a clue to the discriminatory nature of the statistical jigsaw the Department of Environment has constructed to control local finance.

The system of grant related expenditure assessments on wbich government rate support is based reveals many anomolies — mostly to the detriment of metropolitan counties. The GRE for concessionary fares is based on the number of pensioners in each county — irrespective of whether an authority bas o scbeme — or even o bus service: metropolitan counties pay 43 per cent of the total concessionary fare bill but get 22 per cent of the total GRE.

In London, wbere the Home Office directly finances the police service, the GRE between 1981-82 and 1982-83 was increased by 23 per cent to reflect the sctual increase in spending. In metropolitan counties with the same problems and similar increases in spending, the GRE was raised by 3 per cent. The metropolitan counties are therefore "overspending" on police services — tbough the home office is still urging recrultment and development.

> Metropolitan counties have achieved the economies of scale for which they were created

Metropolitao countles have achieved the economics of scale for which tbey were created. The trading slandards service—vital for industry because there ls an advantage in hsving consistent standards over a county-wide area—provides relevant evidence.

In the metropolitan counties the current expenditure per head of population per year is 89.4p and in the shlre counties 93.5p. By contrast the London boroughs, whlch have the only fragmented service in the conntry, are spending 169.5p. Even Wandsworth, a model of Tory economy, spends 139.9p.

Metropolitan counties, able through their size to provide a specialist rather than a generic service, are responsible for most of the innovative work in trading standards ln the country. We can show that, in West Yorkshlre, to provide the current level of service on a district basis would require a budget increase from £1.5m to £3.5m.

The counties have also rationalised their Inherited admlnistration and workforce, again demonstrating the financial benefits of the present stroctore.

Inheriting staff and equipment from as many as 33 authorities in 1974 was o nightmare in West Yorkshire. Now conditions of service have been standardised and some 1,200 fewer staff are employed. Simllarly we began with three public onalyst laboratories employing 31 staff. Now with one laboratory 21 staff provide a greater volume of bigher quality work.

Clearly the county structure can save money in the provision of services. The White Paper acknowledges this: there are no costings—the £120m sovings claimed before the election has vanished.

Indeed the £165m one-off and £45m annual costs of reorganlsation estimated by the metropolitan counties now looks to be a conservative underestimate of the direct costs of change.

Having lost the debate on intrinsic costs tbe Government's focus of argument is changed to the role of the metropolitan counties. Is our strategic role volid—or is It invented, as Jenkin claims? If it is a proper role, are we fulfilling it?

There is no doubt at all that the roles of both advocate and strategist were envisaged in the 1972 legislation. Our authorities were set up specifically to do this job and the debate at the time was not so much that this job needed to be done as to decide which areas were genuinely metropolitan.

It is certain that the creation of one agency to handle all aspects of transport ln a region has bad real benefits. Not only is the transport policies and programmes system the one area of genuine forward planning in local expenditure bul most of the imaginative schemes praised in the recent White Paper, "Policy for Roads," are taking place in metropolitan county areas—computerised traffic control in West Yorkshlre, innovative parking schemes in greater Manchester, environmental lmpact assessment in several metropolitan counties.

The past 10 yeas have seen the strategic role fulfilled, dramatically in major schemes like the Tyne and Wear Metro and South Yorkshire Navigation bul also in the rationalisation of Inherited highway programmes with hundreds of millions of pounds of scbemes eliminated after a proper county-wida assessment of needs—schemes which would still be causing blight if viewed only on an individual district basis.

The clearest tribute to the counties is the edifice of new organs the White Paper proposes as our replacement. Five separate arrangements are made to attempt to retain county-wide co-ordinated services. The most important functions, police, fire, public transport, probation and maybe waste disposal are to go to precepting joint boards. Joint committees, somehow expected to work efficiently by voluntary agreements, get a number of services. The largest district is expected to provide o county service in six other areas. The department of transport takes the highways capital programme and shire counties are asked to take over smallboldings ond responsibility for animal health.

> Savings are promised in the White Paper but they can only be achieved by drastic cuts in services

It ls facile to believe, however, that joint grouping will be as effective as counties. On a joint group each member represents the needs of his district, no one is there to serve the county as a whole. Policy will be made by inter-district deals ond will never be put to the electorate. Joint arrangements will not attract the most able and ambitious councillors who will prefer to stay with service areas they control. Chairmanships will depend not on ability but on the relative power of the individual districts. Majorities will be cobbled to the advantage of some areas. It is a recipe for poor and ineffective government.

Prospects for the ratepayer are poor too. Rather than three precepts (county, district, water) he or she can expect at least five (district, water, police, fire, public transport) and maybe seven (add probation and waste disposal).

Will industry and commerce bave seven different consultations? Or will they meet with the only accountable body—the district council. Savings are promised but can only be achleved by drastic cuts in service through the promised iron central control of budgets by the Secretary of State.

JOHN GUNNELL, 50 (above), is considered an unusual creature among his fellow metropolitan county leaders in that he manages to combine bis political task with a full time job. He is a lecturer at the centre for studies in science and mathematics education at Leeds University and has written text books on the subject.

His career has taken in hospital portering at St Bartholomew's Hospital in London, and a spell as head of science at the United Nations school in New York. He lives in a council flat in the Hunslet area of Leeds, which is also his political constituency. He is on the centre left in Labour Party terms.

Perhaps the grovest warning of the White Paper is its indication of the Government's scant respect for democratic principles. To cancel the 1985 elections is serious enough — but to seek parliamentary approvol to remove elected bodies and replace them with o nominated quango before Parliament has determined the future of the councils themselves is unconstitutional.

I am amused to learn that my outhority is "Marxist-led" but the joke sours when it comes from those whose octions suggest that our local and our parliamentary democracy can be treated with disdain.

Earlier this year I became one of the first members of the new Audit Commission. It is totally inconsistent to set up a body for the prime purpose of promoting economy, efficiency and effectiveness in local government and then propose to earthquake the existing structure without consideration of those same principles.

The commission has o valid and a valuable job to do. It will bring about savings. But it will take years, perhaps until the end of the century, for those savings to come near to matching the costs of obolition.

The metropolitan counties do not regard the present structure as sacred. If a more effective, more efficient, less costly and equally accountable structure can be provided then we should change. But this hotchpotch of councillor quangos and committees working through voluntary co-operation and mutual respect cannot work. Does anyone believe they are an improvement on present structures?

The burden of proof is missing. If Patrick Jenkin really believes in proof then be should order s full inquiry into the structure and financing of local government.

The Government's case for change

Extracts from the White Paper

THE BASIC principle of earlier reorganisatioos was that a two-tier system of local government was necessary in all areas of the country. There was thought to be a need—and a worthwhile job—for two operatiooal authorities in every area: a lower tier providing essentially local services, and an upper tier dealing with functions needing a wider area of administration.

This pattern does embody a practical reality outside the metropolitan sreas where the situation—and hence the distribution of functions between the two tiers—is differeot. In shire counties the major providers of services are the county councils; on average, shire county councils hsve budgets 50 times the size of those of shire district councils and are responsible for 87 per cent of the total expenditure on local services in their areas.

In metropolitan areas the position is reversed; tbe London borough councils and the metropolitan district councils are the major providers, and the GLC and the MCCs are responsible for 16 per cent and 26 per cent respectively of the total expenditure on local services in their areas. In two cases a MCC speods less than the largest of the district councils witbin its area.

Tbus, in the metropoliton areas, the borough and district councils are the primary local government units. They are responsible for the majority of local spending. They are big enough to have full responsibility for most local services; at the same time, they meet the oeed for an authority to be accessible to the community that it serves.

The GLC and the MCCs, on the other band, have full responsibility for only a limited number of services; in otber fields they share powers with the borough and district councils. The most important services which are the sole responsibility of the upper-tier authorities are police, fire, and public transport.

And for two of these—police and public transport—the county role is more limited than for most local authority services, as the responsibility for day-to-day operations ties elsewhere. In the Loodon area, tha GLC has never been a police authority; and, for reasons of transport plsnning, it is proposed that the GLC should no longer control tbe London Transport Executive.

Real power

In this situation, tha GLC ond MCCs bave found it difficult to establish a role for tbemselves. Most of the reol power rests with the borough ond district councils. Tbe upper-tier suthorities hove a lsrge rate-base, and an appsrently wider remit. This generates o notural search for a "strategic" role which may have little basis in real needs.

The Government believes that most of the functions at present exercised by tbe GLC and MCCs should become the direct responsibility of the borough or district councils. In some cases they will nced to co-operate closely and to have informal arrangements for shoring costs, staff and facilities.

There ore a few services for which statutory joint arrangements will be nceded. This is not a new principle—there are already areas in England where there are combined police authorities; and there were similar arrangements for public transport in some of the metropolitan areas in 1968-74. Where joint boards are needed to run services, they will be made up of elected councillors nominated by the borough and district councils, and will be accountable through them to their local electorates.

Since the GLC and MCCs wara created, substantial amounts of buman and financial resources have been devoted to building up county-wide services in these areas. It is not practical to dismantie these arrangements completely for every service.

In most such cases, the Government proposes to give the direct responsibility for the service to the borough and district councils, and to leave it to these authorities to co-operate voluntarily as necessary. There are certain services which must continue to be provided on a county-wide basis and for which the Government propose to creote new statutory authorities: joint boards.

The borough and district councils already have responsibility for certain planning functions; and it is proposed that they sbould on abolition toke over responsibility for the structure plan function at present carried out by the GLC and MCCs.

The borough and district councils will take over responsibility for highways and traffic management.

The responsibilities of the GLC and MCCs for waste regulation and disposal will be transferred to the borough and district councils.

Tha MCCs are responsible for administering food composition and labelling requirements; animal health legislation; and trading standards and consumer protection legislation. These functions will pass to the district councils, Government will look to the borough and district councils to assume nearly all the GLC's and MCCs' responsibilities and intarests in the arts.

Police services

The MCCs are responsible for the provision of police services in their areas through the police authorities, whicb consists of two-thirds county councillors and one-third magistrates. Government are satisfied that the present general structure of police authorities is working well, and that it would not be appropriate now to consider breaking up existing police forces. After abolition, the present police authorities will occordingly be replaced by new combined authorities, ie joint boards, consisting of district council representatives and magistrates as before.

The Government believes that the present fire service organisation in the metropolitan counties and in Greater London is broadly appropriate on both operational and cost grounds, and tbe existing brigades will be retained. In each metropolitan county a joint board of district council nominees will become the fire authority. In London, a joint board will also be required.

Before the creation of the MCCs, public transport in most of the metropolitan areas was provided by passenger transport executives operating under the direction of passenger transport outhorities which comprised members of the lower-tier authorities. The Government have decided to revert to this arrangement.

Streamlining the Cities: Cmnd 9063, HMSO. £3.60.